

March 7, 2005

Ms. Magalie Roman Salas, Secretary
Federal Energy Regulatory Commission
888 First St., NE
Washington DC 20426

RE: Docket No. ER05-170-000
Offer Of Settlement

Dear Ms. Salas:

In accordance with the provisions of Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC or Commission), 18 C.F.R. § 385.602, enclosed please find an original and fourteen copies of the settlement materials described below for filing by Southern California Edison Company (SCE) in the above-referenced docket. Please transmit them to the Presiding Administrative Law Judge, Judith A. Dowd. The Offer of Settlement (Settlement) has been negotiated between SCE and the California Department of Water Resources (CDWR) in the above-referenced proceeding.

The following documents are attached:

1. Explanatory Statement;
2. Offer of Settlement;
3. Clean and redlined versions of the five (5) revised Interconnection Facilities Agreements between CDWR and SCE;
4. Clean and redlined versions of the Devil Canyon Service Agreement;
4. A Letter of Support for the Settlement from CDWR;
5. A draft Commission letter order approving the Settlement (with diskette in WordPerfect format); and
6. A certificate of service.

Federal Energy Regulatory Commission
March 7, 2005
Page 2
Re: ER04-170-000

Please date stamp the two enclosed duplicate originals and return them in the enclosed self-addressed, stamped envelope. If you have any questions, please call me at the number below.

Your courtesy in this matter is appreciated.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ellen A. Berman", with a long, sweeping horizontal stroke at the end.

Ellen A. Berman

EB:nlg
Enclosures

cc: All Parties of Record

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company)	Docket No.	ER05-170-000
)		ER05-170-001
)		

EXPLANATORY STATEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. § 385.602, Southern California Edison Company ("SCE") hereby submits this Explanatory Statement describing the contents of its Offer of Settlement ("Settlement"). The Settlement has been negotiated with the California Department of Water Resources State Water Project ("CDWR") in the above-captioned proceeding and is intended to resolve all remaining issues in Docket No. ER05-170-000 and Docket No. ER05-170-001. In support of this Offer of Settlement, SCE states as follows:

I. BACKGROUND

On October 11, 1979, SCE and CDWR entered into the Power Contract, under which SCE provided bundled interconnection, transmission, integration, and exchange of energy (among other services) for specified loads and resources of CDWR including its loads at Edmonston, Pearblossom and Oso Pumping Plants, and its resources at Devil Canyon Power Plant, William E. Warne Power Plant and Alamo Power Plant. The Power Contract was accepted by the Commission in Docket No. ER80-178, with an effective

date of April 1, 1983 and designated as Rate Schedule FERC No. 112. The Power Contract terminated on December 31, 2004.

Because CDWR desired to receive interconnection service, CDWR submitted requests for Interconnection service for the existing loads and resources identified above, pursuant to the ISO Tariff, SCE's Transmission Owner Tariff, and SCE's Wholesale Distribution Access Tariff ("WDAT"), as applicable. CDWR requested that SCE commence such Interconnection service on January 1, 2005 to coincide with the termination of the Power Contract. Consistent with those requests, on November 2, 2004, SCE filed the following unexecuted agreements with the Commission:

Devil Canyon Service Agreement for Wholesale Distribution Service, Service Agreement No. 126, under FERC Electric Tariff, First Revised Volume No. 5 ("Devil Canyon Service Agreement");¹

Edmonston Pumping Plant Interconnection Facilities Agreement, Service Agreement No. 31, under FERC Electric Tariff, Second Revised Volume No. 6 ("Edmonston IFA");

Pearblossom Pumping Plant Interconnection Facilities Agreement, Service Agreement No. 32, under FERC Electric Tariff, Second Revised Volume No. 6 ("Pearblossom IFA");

Oso Pumping Plant Interconnection Facilities Agreement, Service Agreement No. 33, under FERC Electric Tariff, Second Revised Volume No. 6 ("Oso IFA");

William E. Warne Power Plant Interconnection Facilities Agreement, Service Agreement No. 34, under FERC Electric Tariff, Second Revised Volume No. 6 ("Warne IFA");

¹ Because of an administrative error, SCE inadvertently omitted the Devil Canyon Service Agreement from its original filing, even though the filing letter referred to such agreement. On January 13, 2005, SCE filed the Devil Canyon Service Agreement in Docket ER05-170-001.

Alamo Power Plant Interconnection Facilities Agreement, Service Agreement No. 35, under FERC Electric Tariff, Second Revised Volume No. 6 (“Alamo IFA”).²

Because SCE had to file the Agreements by November 2, 2004, so that CDWR’s Interconnection service would not be interrupted upon termination of the Power Contract, the parties’ negotiation time was truncated. On November 23, 2004, both CDWR and MWD filed interventions and protests to SCE’s filing.³ CDWR and MWD protested various aspects of the Agreements, and, on December 8, 2004, SCE filed a Motion for Leave to Answer and Answer in response to those concerns. In its Answer, SCE was able to alleviate several of MWD and CDWR’s concerns. In the pleadings, all of the Parties urged the Commission to set the docket for hearing, subject to the outcome of settlement judge procedures.

On December 29, 2004, the Commission issued its Order Accepting and Suspending Proposed Agreements and Establishing Hearing and Settlement Judge Procedures (“December 29 Order”).⁴ The Commission noted that the Agreements raised issues of material fact that could not be resolved based on the record before the Commission and urged the Parties to endeavor to settle the issues.⁵

After the December 29 Order, the Chief Judge appointed Administrative Law Judge Judith A. Dowd to act as settlement judge. Because the Parties already were close to reaching a settlement in principle, Judge Dowd postponed the settlement conference.

² Collectively, the agreements filed herein, including the Reliability Management System Agreement, will be referred to herein as the “Agreements” and the IFAs will be referred to herein as the “IFAs.”

³ The ISO filed a Motion to Intervene One Day Out of Time on November 24, 2004.

⁴ 109 FERC ¶61,375 (2004).

⁵ *Id.* at PP 11-13.

Through further informal negotiations among the Parties, the Parties have agreed to the following settlement terms.

II. DESCRIPTION OF THE SETTLEMENT

A. Terms of Settlement

SCE will file revised IFAs reflecting the Settlement. The revised IFAs are attached to the Settlement, in both clean and redline form, as Attachments A through E. Settlement at ¶ 1. The redlined IFAs show the changes made since SCE's last filing of the IFAs on November 2, 2004. SCE will file the revised Devil Canyon Service Agreement in both clean and redline format. Settlement at ¶ 2. The redlined Devil Canyon Service Agreement shows the changes made since SCE's last filing of the Devil Canyon Service Agreement on January 13, 2005. The Agreements are being filed unexecuted due to the time requirements for CDWR to process the contracts; however, CDWR has committed to execute the Agreements. *See* Letter of Support at 1.

For the Edmonston IFA, the Oso IFA, and the Pearblossom IFA, SCE will revise Section 9.3 to state that "CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth." The power factor requirements in the Alamo IFA, the Warne IFA, and the Devil Canyon Service Agreement will remain as filed. Settlement at ¶ 3.

Pursuant to the Settlement, SCE will delete the following statement from Section 9.7 of all of the IFAs: "CDWR shall cause the [NAME OF PROJECT] to participate in

ISO congestion management.” Settlement at ¶ 4. Moreover, SCE will revise Section 10.7 of all of the IFAs and Section 6, Specifications for Wholesale Distribution Service to, as shown in Attachments A-F. This change reflects the agreement between the Parties concerning delivery to SCE of real-time telemetry unit data. Settlement at ¶ 5.

The Parties have also agreed to add certain additional terms and conditions to the IFAs which address CDWR’s obligations as an entity of the State. Such additional terms are included in the IFAs in Sections 27 through 42. The Parties have agreed that any breach by SCE of the obligations contained in Sections 32 through 42 shall not be considered a material breach of the respective IFAs and shall not excuse non-performance by CDWR of its obligations under the IFAs. Settlement at ¶ 6.

CDWR has agreed to execute the *pro forma* Reliability Management System Agreement, which is attached as Attachment G hereto. Settlement at ¶ 7. SCE originally filed the Reliability Management System Agreement as an attachment to both the Alamo and Warner IFAs. CDWR, however, is only required to have one Reliability Management System Agreement on file that will apply to the Alamo and Warner IFAs, as well as the Devil Canyon Service Agreement. Thus, SCE is filing one Reliability Management System Agreement as a separate rate schedule, and CDWR will execute only one copy of that Agreement.

Finally, SCE and CDWR also agreed to make other minor edits to clarify and/or correct the Agreements, all of which are shown in redline on Attachments A-F hereto. Settlement at ¶ 8. For example, in the Recitals of the IFAs, CDWR is now defined as a “department of the State of California” rather than a “utility.” Moreover, the notice

provisions in Section 13 of the IFAs and Part 6 of the Devil Canyon Service Agreement have been updated to reflect the proper notice addresses.

B. Other Settlement Terms

The Settlement represents a negotiated agreement for the purpose of settling the issues in Docket No. ER05-170-000 and ER05-170-001. The Commission's approval of the Settlement shall not constitute approval of, or precedent regarding, any principle or issue in these dockets and shall not relieve the Commission or any party, participant or affiliate thereof, of the burden, under Sections 205 or 206 of the Federal Power Act, to establish the justness and reasonableness of any aspect of any superseding rate.

Settlement at ¶ 9.

The Settlement is subject to approval by the Commission. If the Settlement is not approved in its entirety without modification or condition, it shall be deemed withdrawn.

Settlement at ¶ 10.

III. INFORMATION REQUIRED BY COMMISSION'S OCTOBER 15, 2003 NOTICE AND OCTOBER 23, 2003 ERRATA REGARDING SETTLEMENT AGREEMENTS

The Commission has stated that certain additional information should be provided in support of Settlement Agreements. In order to assist the Presiding Administrative Law Judge and the Commission in their review of the proposed Settlement, SCE addresses the following five questions:

A. What are the issues underlying the settlement and what are the major implications?

The factual and procedural background of this proceeding setting forth the issues underlying the Settlement is summarized in Section I above. The Settlement resolves all

issues between SCE and CDWR in this proceeding. The Settlement has no major implications because it simply is resolving the dispute between CDWR and SCE in this proceeding and will not have precedential value in subsequent proceedings.

B. Whether any of the issues raise policy implications?

Other than furthering the broad public interest in favor of settlements,⁶ the issues presented in the Settlement do not raise any policy implications.

C. Whether other pending cases may be affected?

No other pending cases will be affected by the resolution of the present proceeding.

D. Whether the settlement involves issues of first impression, or if there are any previous reversals on the issues involved?

Because this is a black box settlement, the Settlement does not resolve any issues of first impression and there are no previous reversals on the issues involved in this proceeding.

E. Whether the proceeding is subject to the just and reasonable standard or whether there is *Mobile-Sierra* language making it the standard, i.e., the applicable standards of review?

SCE and CDWR agree that none of the Agreements which are the subject of this proceeding have the *Mobile-Sierra* language making it the standard of review.

Accordingly, SCE and CDWR submit that this settlement is subject to the just and reasonable standard.

⁶ See *Southern Union Gas Co. v. FERC*, 840 F.2d 964, 971 (D.C. Cir. 1988).

IV. DUE DATES FOR COMMENTS

SCE requests that comments on the Settlement be due on March 27, 2005, which is 20 days after the date of this filing, and that reply comments be due on April 6, 2005, which is 10 days thereafter.

V. CONCLUSION

The Settlement fairly and fully resolves all of the remaining issues in Docket No. ER05-170 and all subdockets. For all of the foregoing reasons, SCE respectfully requests that the Commission find that the Settlement is fair and reasonable and in the public interest and approve it without modification.

Respectfully submitted,

Michael D. Mackness
Ellen A. Berman

By: 

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Attorneys for
Southern California Edison Company

Dated: March 7, 2005

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company)	Docket No.	ER05-170-000
)		ER05-170-001
)		

OFFER OF SETTLEMENT

Southern California Edison Company (“SCE”) hereby offers, to the California Department of Water Resources State Water Project (“CDWR”), a party to the above-captioned proceeding, the following terms and conditions of a Settlement thereof (“Settlement”). If approved by the Federal Energy Regulatory Commission (“FERC” or “Commission”), this Settlement will resolve all disputes in the above-captioned proceeding. The Settlement provides as follows:

- 1. Revised IFAs.** Provided as Attachments A-E to this Offer of Settlement are the revised versions of the following Interconnection Facilities Agreements (“IFAs”), in both clean and redlined form, each of which reflects the relevant terms of the Settlement and will be made effective concurrent with the Commission’s approval of this Settlement Agreement:

Edmonston Pumping Plant Interconnection Facilities Agreement, Service Agreement No. 31, under FERC Electric Tariff, Second Revised Volume No. 6 (“Edmonston IFA”);

Pearblossom Pumping Plant Interconnection Facilities Agreement, Service Agreement No. 32, under FERC Electric Tariff, Second Revised Volume No. 6 (“Pearblossom IFA”);

Oso Pumping Plant Interconnection Facilities Agreement, Service Agreement No. 33, under FERC Electric Tariff, Second Revised Volume No. 6 (“Oso IFA”);

William E. Warne Power Plant Interconnection Facilities Agreement, Service Agreement No. 34, under FERC Electric Tariff, Second Revised Volume No. 6 (“Warne IFA”);

Alamo Power Plant Interconnection Facilities Agreement, Service Agreement No. 35, under FERC Electric Tariff, Second Revised Volume No. 6 (“Alamo IFA”).

2. Revised Service Agreement. SCE will file the revised Devil Canyon Service Agreement for Wholesale Distribution Service, Service Agreement No. 126, under FERC Electric Tariff, First Revised Volume No. 5 (“Devil Canyon Service Agreement”) in both clean and redline format.

3. Power Factor Range. For the Edmonston IFA, the Oso IFA, and the Pearblossom IFA, SCE will revise Section 9.3 to state as follows:

CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth.

The power factor requirements in the Alamo IFA and the Warne IFA will remain the same. Additionally, the power factor requirement in the Devil Canyon Service Agreement will remain as filed.

4. Congestion Management. SCE will delete the following statement from Section 9.7 of all of the IFAs: “CDWR shall cause the [NAME OF PROJECT] to participate in ISO congestion management.”

5. Metering. For all of the IFAs, Section 10.7 shall be revised to state as follows:

10.7 CDWR shall deliver to SCE real-time telemetry generator unit data, which shall include, for each generator plant, MW, MVAR, generator status, generator circuit breaker status and generator output voltage.

10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc.), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified ISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

Additionally, SCE will insert the language quoted above (excluding the Section number reference) into the Devil Canyon Service Agreement Section 6, Specifications for Wholesale Distribution Service, as shown in the redline in Attachment F hereto.

6. CDWR's State Terms and Conditions. The Parties have agreed to add certain additional terms to the IFAs which address CDWR's obligations as an entity of the State. Such additional terms are included in the IFAs in Sections 27 through 42. The Parties have agreed that any breach by SCE of the obligations contained in Sections 32 through 42 shall not be considered a material breach of the respective IFAs and shall not excuse non-performance by CDWR of its obligations under the IFAs.

7. **RMS Agreement.** CDWR agrees to execute the *pro forma* Reliability Management System Agreement, which is attached as Attachment G hereto.
8. **Miscellaneous Edits.** SCE and CDWR also agreed to make other minor edits to the Agreements, all of which are shown in redline on Attachments A-F hereto.
9. This Settlement represents a negotiated agreement for the purpose of settling the issues in Docket No. ER05-170 and all subdockets, and the Commission's approval of the Settlement shall not constitute approval of, or precedent regarding, any principle or issue in these dockets and shall not relieve the Commission or any party, participant or affiliate thereof, of the burden, under Sections 205 or 206 of the Federal Power Act, to establish the justness and reasonableness of any aspect of any superseding rate.
10. If this Settlement is not approved in its entirety without modification or condition it shall be deemed withdrawn and shall be null and void and of no force and effect. This Settlement is submitted on the condition that in the event it does not become effective in accordance with this paragraph, it shall not constitute any part of the record in this proceeding or be used for any other purpose. The discussions among the Parties that have produced this Settlement have been conducted on the explicit understanding that they were undertaken subject to Rule 602(e) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(e), and the rights of the Parties with respect thereto shall not be impaired by this Settlement.

ATTACHMENT A

**Edmonston Pumping Plant Interconnection
Facilities Agreement, Service Agreement No. 31,
under FERC Electric Tariff, Second Revised
Volume No. 6**

(Clean Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE EDMONSTON PUMPING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	3
2. Recitals:	3
3. Agreement:	3
4. Definitions:	4
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	5
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	9
14. Disputes:	9
15. Authorized Representatives:	9
16. Regulatory Authority:	10
17. No Dedication of Facilities:	10
18. No Third Party Rights:	11
19. Relationship of Parties:	11
20. Waivers:	11
21. Governing Law:	11
22. Notices:	11
23. Severability:	12
24. Entire Agreement:	12
25. Ambiguities:	12
26. Assignment:	13
27. Approval:	13
28. Amendment:	13
29. Audit:	13
30. Independent Contractor:	14
31. Timliness:	14
32. Recycling Certification:	14
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15

38. Expatriate Corporations:..... 16

39. Doing Business With the State of California: 16

40. Corporate Qualifications To Do Business in California:..... 17

41. Resolution:..... 17

42. Child Support Compliance Act 17

43. Signature Clause:..... 18

Exhibit A. Interconnection Facilities Description: 19

Exhibit B. One-Line Diagram for Interconnection Facilities:.....20

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Edmonston Pumping Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112 which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and SCE for 787 MW of Interconnection service for the Edmonston Pumping Plant in accordance with SCE's TO Tariff for receipt from the ISO Grid for a period of thirty (30) years from the Effective Date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 15.
- 4.3. Edmonston Facilities: All equipment and facilities comprising Edmonston Pumping Plant and all facilities owned by CDWR associated with interconnection of the Edmonston Pumping Plant to the Interconnection Facilities.
- 4.4. Edmonston Pumping Plant: CDWR's 787 MW pumping plant, currently interconnected to SCE's Edmonston-Pastoria 230 kV transmission line out of SCE's 230 kV Pastoria Substation, intended to receive energy from the ISO Grid at SCE's 500 kV Vincent Substation.
- 4.5. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.6. Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit B, owned by SCE to interconnect the Edmonston Pumping Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.7. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as that Tariff may be amended from time to time.
- 4.8. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.9. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the Effective Date, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE if notice of termination is received by SCE on or after the Effective Date, and (iii) the date specified pursuant to Section 8.5; or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 The Interconnection Facilities will be located on property which is owned by CDWR. CDWR shall grant easements to SCE for the term of this Agreement, at no cost to SCE, for the Interconnection Facilities. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the Edmonston Facilities will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Edmonston Pumping Plant to the ISO Controlled Grid under this Agreement shall be 787 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Grid for delivery to the Edmonston Pumping Plant.
- 8.5 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the facilities and equipment which comprise the Edmonston Pumping Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such

changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the equipment and facilities comprising the Edmonston Pumping Plant and any such change does or may cause material system impacts or is or is materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its sole expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its sole expense, operate, and maintain the Edmonston Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth..
- 9.4 CDWR shall request and the ISO will apply a 0.047% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Edmonston Facilities shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Edmonston Pumping Plant shall be operated with all of CDWR's protective apparatus in service whenever the Edmonston Pumping Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 CDWR is aware that the Edmonston Pumping Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Edmonston Pumping Plant. CDWR shall be responsible for protecting the Edmonston Pumping Plant in such a

- manner that faults or other disturbances on SCE's electric system do not cause damage to the Edmonston Pumping Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Edmonston Pumping Plant or in taking the Interconnection Facilities or the Edmonston Pumping Plant out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Edmonston Pumping Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.
- 9.15 CDWR shall provide to SCE by September 1 of each year an update of CDWR's load forecast for the Edmonston Pumping Plant for the following five calendar years.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Edmonston Pumping Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Edmonston Pumping Plant.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR pump load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry unit data, which shall include, for each

pumping plant, MW, MVAR, pump motor status, and pump motor circuit breaker status.

10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$7,831 per month for Interconnection Service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section 11. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance

with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22, change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22, change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section 12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Authorized Representatives:

15.1 In order to provide for the exchange of information and preparation of any necessary

- operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.

16. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts

P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

26. Assignment:

- 26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.
- 26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

27. Approval:

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28. Amendment:

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

29. Audit:

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

30. Independent Contractor:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to

comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE

affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

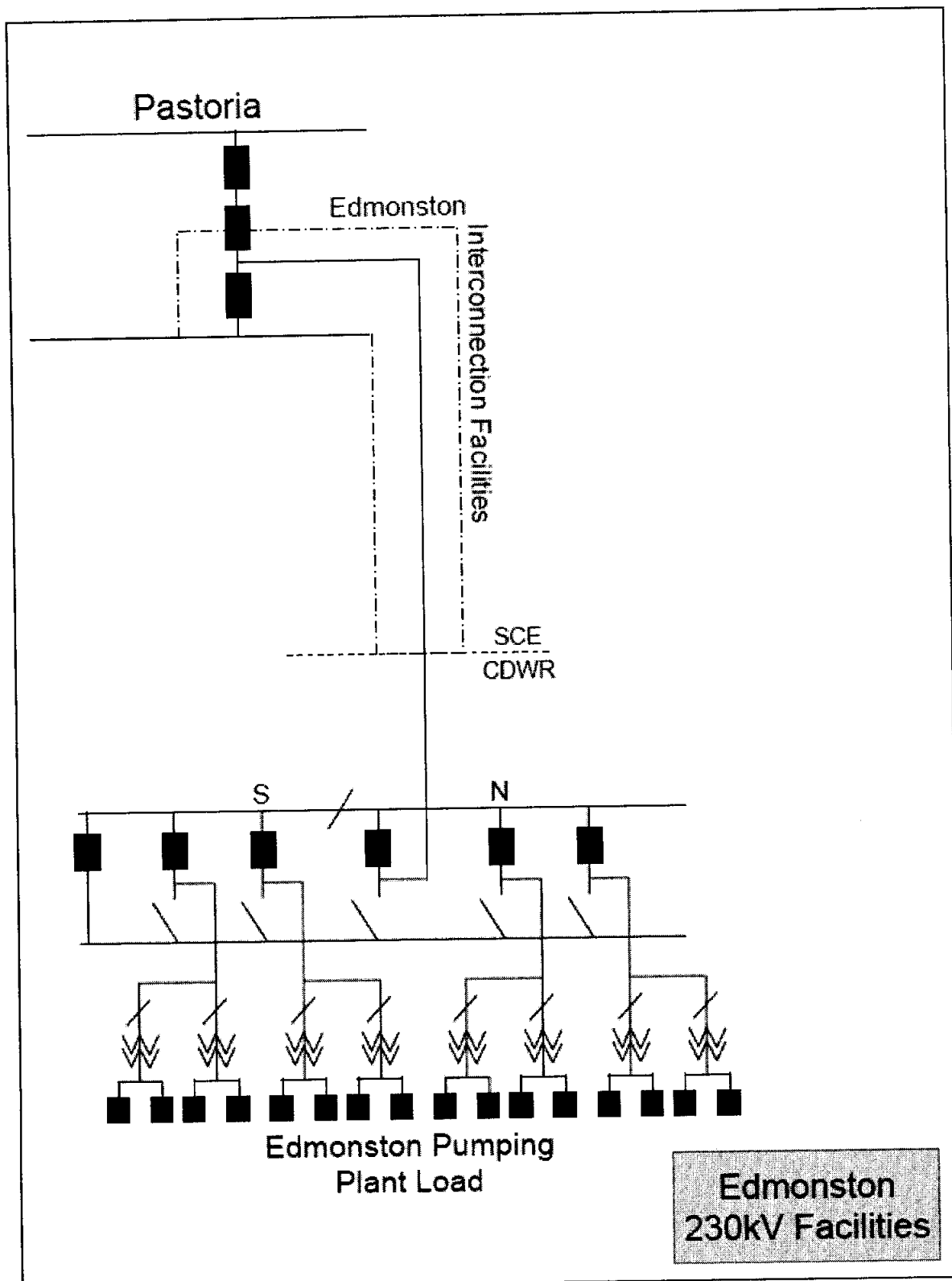
Substation Facilities

One-half of the 230 kV Line Position (breaker and half scheme) at Pastoria 230 kV Substation in Position 5.

Line Facilities

Approximately 1.08 miles of 230 kV line between SCE's Pastoria 230 kV Substation and CDWR's facilities in the vicinity of Edmonston Pumping Plant Substation.

Exhibit B



One-Line Diagram for Interconnection Facilities

**Edmonston Pumping Plant Interconnection
Facilities Agreement, Service Agreement No. 31,
under FERC Electric Tariff, Second Revised
Volume No. 6**

(Redlined Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE EDMONSTON PUMPING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	3
2. Recitals:	3
3. Agreement:	3
4. Definitions:	4
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	5
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	9
14. Disputes:	9
15. Audits:	10
16. Authorized Representatives:	10
17. Regulatory Authority:	11
18. No Dedication of Facilities:	11
19. No Third Party Rights:	11
20. Relationship of Parties:	11
21. Waivers:	11
22. Governing Law:	12
23. Notices:	12
24. Severability:	12
25. Entire Agreement:	13
26. Ambiguities:	13
27. Approval:	13
28. Amendment:	13
27. Assignment:	14
29. Audit:	14
30. Independent Contractor:	14
31. Timliness:	14
32. Recycling Certification:	14
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15

28. Child Support Compliance Act	15	1937. National Labor Relations Board Certification:	
38. Expatriate Corporations:	16		
39. Doing Business With the State of California:	16		
40. Corporate Qualifications To Do Business in California:	17		
41. Resolution:	17		
29. Americans With Disabilities Act	19	42. Child Support Compliance Act	19
30. Drug-Free Workplace Certification	19	43. Signature Clause:	19
31. Worker's Compensation Liability	15		
32. National Labor Relations Board	15		
33. Signature Clause:	19		
Exhibit A. Interconnection Facilities Description:	1419		
Exhibit B. One-Line Diagram for Interconnection Facilities:	1520		

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a ~~utility~~ department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Edmonston Pumping Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112 which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and SCE for 787 MW of Interconnection service for the Edmonston Pumping Plant in accordance with SCE's TO Tariff for receipt from the ISO Grid for a period of thirty (30) years from the Effective Date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 4.15.
- 4.3. Edmonston Facilities: All equipment and facilities comprising Edmonston Pumping Plant and all facilities owned by CDWR associated with interconnection of the Edmonston Pumping Plant to the Interconnection Facilities.
- 4.4. Edmonston Pumping Plant: CDWR's 787 MW pumping plant, currently interconnected to SCE's Edmonston-Pastoria ~~220~~230 kV transmission line out of SCE's ~~220~~230 kV Pastoria Substation, intended to receive energy from the ISO Grid at SCE's 500 kV Vincent Substation.
- 4.5. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.6. Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit B, owned by SCE to interconnect the Edmonston Pumping Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.7. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as that Tariff may be amended from time to time.
- 4.8. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.9. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the Effective Date, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE if notice of termination is received by SCE on or after the Effective Date, and (iii) the date specified pursuant to Section 8.5; or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.}

8. Interconnection Principles:

- 8.1 The Interconnection Facilities will be located on property which is owned by CDWR. CDWR shall grant easements to SCE for the term of this Agreement, at no cost to SCE, for the Interconnection Facilities. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the Edmonston Facilities will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Edmonston Pumping Plant to the ISO Controlled Grid under this Agreement shall be 787 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Grid for delivery to the Edmonston Pumping Plant.
- 8.5 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the facilities and equipment which comprise the Edmonston Pumping Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such

changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the equipment and facilities comprising the Edmonston Pumping Plant and any such change does or may cause material system impacts or is or is materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its sole expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its sole expense, operate, and maintain the Edmonston Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 ~~The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of 0.90 boost to 0.95 buck.~~
- 9.3 CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth..
- 9.4 CDWR shall request and the ISO will apply a 0.047% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Edmonston Facilities shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Edmonston Pumping Plant shall be operated with all of CDWR's protective apparatus in service whenever the Edmonston Pumping Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 ~~CDWR shall cause the Edmonston Pumping Plant to participate in ISO congestion management.~~ CDWR is aware that the Edmonston Pumping Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching

- center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Edmonston Pumping Plant. CDWR shall be responsible for protecting the Edmonston Pumping Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Edmonston Pumping Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Edmonston Pumping Plant or in taking the Interconnection Facilities or the Edmonston Pumping Plant out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Edmonston Pumping Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.
- 9.15 CDWR shall provide to SCE by September 1 of each year an update of CDWR's load forecast for the Edmonston Pumping Plant for the following five calendar years.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Edmonston Pumping Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Edmonston Pumping Plant.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's

metering in accordance with applicable ISO Tariff provisions and metering protocol.

10.6 Metering of CDWR pump load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.

10.7 CDWR shall deliver to SCE real-time telemetry unit data, which shall include, for each pump unit pumping plant, MW, MVAR, pump motor status, and pump motor circuit breaker status.

10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$7,831 per month for Interconnection Service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure:-

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section ~~40.11~~ 10.11. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances:-

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default:-

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute:-

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22, change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
~~P.O. Box 388~~
~~Sacramento, CA 95802~~
~~Attn: Chief Energy Division~~
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22, change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section ~~44~~12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all

disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Audits:

~~Each Party shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after each payment is made under this Agreement.~~

16.15. Authorized Representatives:

- 15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section ~~24~~22.

17.16. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to

services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.

16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

1817. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

1918. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

2019. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

2120. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

22.21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

~~Except as otherwise provided by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the state of California.~~

23.22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
~~P.O. Box 942836~~
~~Sacramento, CA 94236-0001~~
~~Attn: Executive Manager, Power Systems~~
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

24.23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

25.24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

26.25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

27.

26. Assignment:

- ~~27~~26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.
- ~~27~~26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

Child Support Compliance Act
27. Approval:

- ~~28.1~~ SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.
- ~~28.2~~ SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

29. Americans With Disabilities Act

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

~~SCE assures CDWR that it complies with the Americans With Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.~~

30. Drug-Free Workplace Certification

28. Amendment:

~~The Parties certify to provide a drug free workplace for each Party's respective employees. The Parties shall accomplish this by the following:~~

~~30.1 Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against them for violations.~~

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

Worker's Compensation Liability**29. Audit:**

~~Each Party affirms it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers compensation, or to undertake self insurance in accordance with the provisions of such Code. Each Party affirms it shall comply with such provisions prior to the execution of this Agreement.~~

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

32. National Labor Relations Board

30. Independent Contractor:

~~In accordance with Public Contract Code Section 10296, each Party declares that no more than one final, unappealable finding of contempt of court by a Federal court has been issued against it within the immediately preceding two year period because of its failure to comply with an order of a Federal court which ordered it to comply with an order of the National Labor Relations Board.~~

33. Signature Clause:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.

- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 20042005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

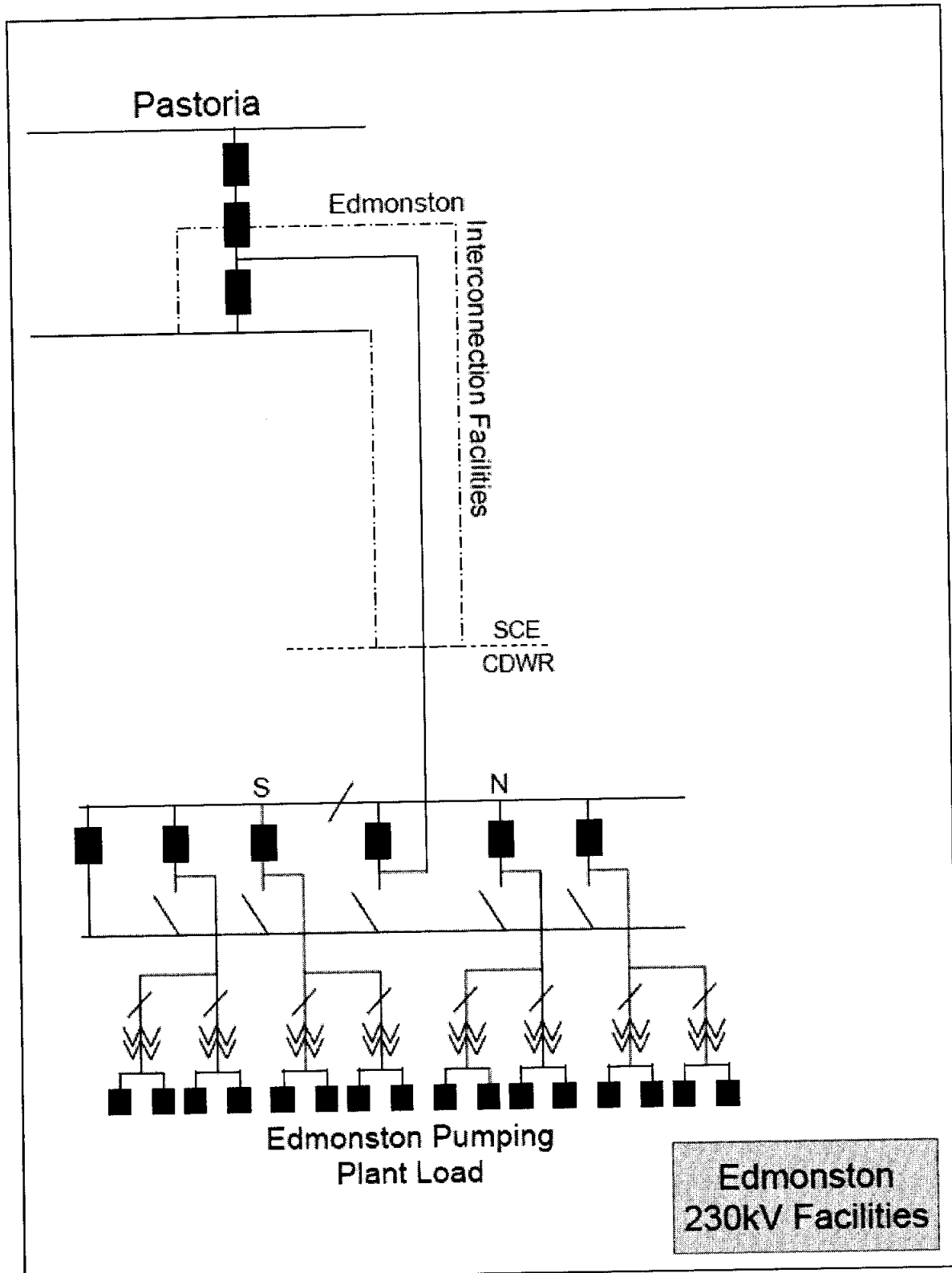
Substation Facilities

One-half of the ~~220~~230 kV Line Position (breaker and half scheme) at Pastoria ~~220~~230 kV Substation in Position 5.

Line Facilities

Approximately 1.08 miles of ~~220~~230 kV line between SCE's Pastoria ~~220~~230 kV Substation and CDWR's facilities in the vicinity of Edmonston Pumping Plant Substation.

Exhibit B



One-Line Diagram for Interconnection Facilities

ATTACHMENT B

**Pearblossom Pumping Plant Interconnection
Facilities Agreement, Service Agreement No. 32,
under FERC Electric Tariff, Second Revised
Volume No. 6**

(Clean Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE PEARBLOSSOM PUMPING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	3
2. Recitals:	3
3. Agreement:	3
4. Definitions:	4
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	5
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	9
14. Disputes:	9
15. Authorized Representatives:	9
16. Regulatory Authority:	10
17. No Dedication of Facilities:	10
18. No Third Party Rights:	11
19. Relationship of Parties:	11
20. Waivers:	11
21. Governing Law:	11
22. Notices:	11
23. Severability:	12
24. Entire Agreement:	12
25. Ambiguities:	12
26. Assignment:	13
27. Approval:	13
28. Amendment:	13
29. Audit:	13
30. Independent Contractor:	14
31. Timeliness:	14
32. Recycling Certification:	14
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15

38. Expatriate Corporations:	16
39. Doing Business With the State of California:	16
40. Corporate Qualifications To Do Business in California:	17
41. Resolution:	17
42. Child Support Compliance Act:	17
43. Signature Clause:	18
Exhibit A. Interconnection Facilities Description:	19
Exhibit B. One-Line Diagram for Interconnection Facilities:	20

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Pearblossom Pumping Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112 which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and SCE for 152 MW of Interconnection service for the Pearblossom Pumping Plant in accordance with SCE's TO Tariff for receipt from the ISO Grid for a period of thirty (30) years from the Effective Date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 15.
- 4.3. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.4. Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit B, owned by SCE to interconnect the Pearblossom Pumping Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.5. Pearblossom Facilities: All equipment and facilities comprising Pearblossom Pumping Plant and all facilities owned by CDWR associated with interconnection of the Pearblossom Pumping Plant to the Interconnection Facilities.
- 4.6. Pearblossom Pumping Plant: CDWR's 152 MW pumping plant, currently interconnected to SCE's 230 kV line position at SCE's 500kV Vincent Substation, intended to receive energy from the ISO Grid.
- 4.7. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as that Tariff may be amended from time to time.
- 4.8. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.9. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the Effective Date, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE if notice of termination is received by SCE on or after the Effective Date, and (iii) the date specified pursuant to Section 8.5; or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 The Interconnection Facilities will be located on property which is owned by CDWR. CDWR shall grant easements to SCE for the term of this Agreement, at no cost to SCE, for the Interconnection Facilities. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the Pearblossom Facilities will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Pearblossom Pumping Plant to the ISO Controlled Grid under this Agreement shall be 152 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Grid for delivery to the Pearblossom Pumping Plant.
- 8.5 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the facilities and equipment which comprise the Pearblossom Pumping Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any

potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the equipment and facilities comprising the Pearblossom Pumping Plant and any such change does or may cause material system impacts or is or is materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its sole expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its sole expense, operate, and maintain the Pearblossom Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth.
- 9.4 CDWR shall request and the ISO will apply a 0.585% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Pearblossom Facilities shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Pearblossom Pumping Plant shall be operated with all of CDWR's protective apparatus in service whenever the Pearblossom Pumping Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 CDWR is aware that the Pearblossom Pumping Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Pearblossom Pumping Plant. CDWR shall be responsible for protecting the Pearblossom Pumping Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to

- the Pearblossom Pumping Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Pearblossom Pumping Plant or in taking the Interconnection Facilities or the Pearblossom Pumping Plant out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Pearblossom Pumping Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.
- 9.15 CDWR shall provide to SCE by September 1 of each year an update of CDWR's load forecast for the Pearblossom Pumping Plant for the following five calendar years.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Pearblossom Pumping Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Pearblossom Pumping Plant.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR pump load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry unit data, which shall include, for each pumping plant, MW, MVAR, pump motor status, and pump motor circuit breaker status.

10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$22,300 per month for Interconnection Service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section 11. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18

C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22, change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22, change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section 12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Authorized Representatives:

15.1 In order to provide for the exchange of information and preparation of any necessary

- operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.

16. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts

P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

26. Assignment:

- 26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.
- 26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

27. Approval:

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28. Amendment:

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

29. Audit:

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

30. Independent Contractor:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to

comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

- 39.1 **CONFLICT OF INTEREST:** SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

- 39.2 **LABOR CODE/WORKERS' COMPENSATION:** SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE

affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

- 39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)
- 39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

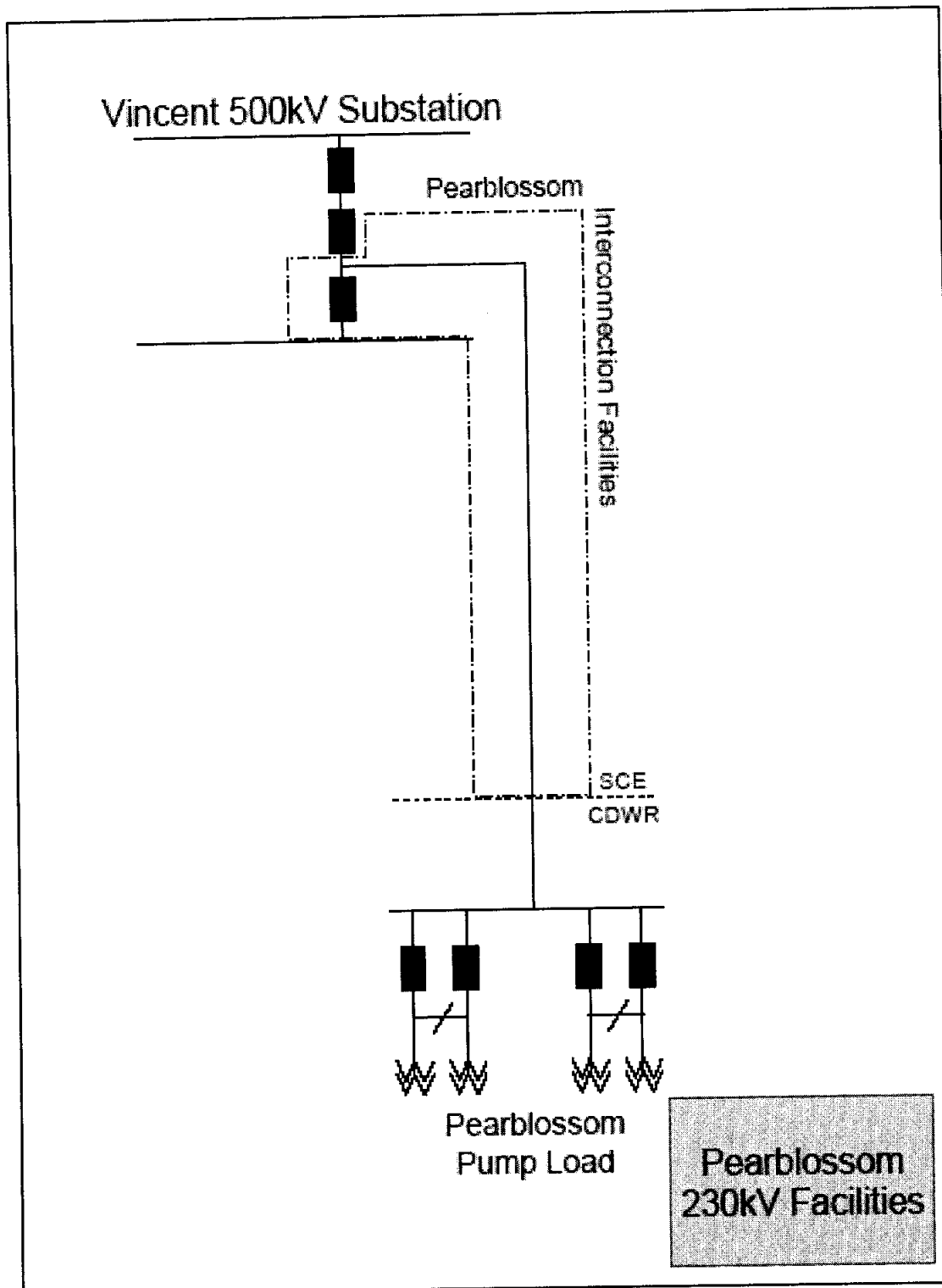
Substation Facilities

One-third of the 230 kV Line Position (breaker and half scheme) at Vincent 500 kV Substation in Position 7 of the 230 kV bus.

Line Facilities

Approximately 13.13 miles of 230 kV line between SCE's Vincent 500 kV Substation and CDWR's facilities in the vicinity of Pearblossom Pumping Plant Substation.

Exhibit B



**Pearblossom Pumping Plant Interconnection
Facilities Agreement, Service Agreement No. 32,
under FERC Electric Tariff, Second Revised
Volume No. 6**

(Redlined Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE PEARBLOSSOM PUMPING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1.- Parties:	3
2.- Recitals:	3
3.- Agreement:	3
4.- Definitions:	4
5.- Effective Date and Term:	4
6.- Agreement Pursuant to the TO Tariff:	5
7.- Creditworthiness:	5
8.- Interconnection Principles:	5
9.- Interconnected Operations:	6
10.- Metering:	7
11.- Charges:	8
12.- Billing and Payment:	8
13.- Addresses for Billing and Payment:	9
14.- Disputes:	9
15. Audits:	Au
16. Authorized Representatives:	Re
17. Regulatory Authority:	No
18. No Dedication of Facilities:	No
19. No Third Party Rights:	Re
20. Relationship of Parties:	W:
21. Waivers:	Go
22. Governing Law:	No
23. Notices:	Se
24. Severability:	En
25. Entire Agreement:	An
26. Ambiguities:	As
27. Assignment:	151227. Ap
28. Child Support Compliance Act	1512
29. Americans With Disabilities Act	1612
30. Drug-Free Workplace Certification	1612
31. Worker's Compensation Liability	1613
32. National Labor Relations Board	1713
28. Amendment:	13
29. Audit:	13
30. Independent Contractor:	14
31. Timeliness:	14
32. Recycling Certification:	14

33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15
38. Expatriate Corporations:	16
39. Doing Business With the State of California:	16
40. Corporate Qualifications To Do Business in California:	17
41. Resolution:	17
42. Child Support Compliance Act:	17
43. Signature Clause:	18
Exhibit A. Interconnection Facilities Description:	1419
Exhibit B. One-Line Diagram for Interconnection Facilities:	1520

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a ~~utility~~ department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Pearblossom Pumping Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112 which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and SCE for 152 MW of Interconnection service for the Pearblossom Pumping Plant in accordance with SCE's TO Tariff for receipt from the ISO Grid for a period of thirty (30) years from the Effective Date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 4415.
- 4.3. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.4. Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit B, owned by SCE to interconnect the Pearblossom Pumping Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.5. Pearblossom Facilities: All equipment and facilities comprising Pearblossom Pumping Plant and all facilities owned by CDWR associated with interconnection of the Pearblossom Pumping Plant to the Interconnection Facilities.
- 4.6. Pearblossom Pumping Plant: CDWR's 152 MW pumping plant, currently interconnected to SCE's ~~220~~230 kV line position at SCE's ~~220~~500kV Vincent Substation, intended to receive energy from the ISO Grid.
- 4.7. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as that Tariff may be amended from time to time.
- 4.8. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.9. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the Effective Date, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE if notice of termination is received by SCE on or after the Effective Date, and (iii) the date specified pursuant to Section 8.5; or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 The Interconnection Facilities will be located on property which is owned by CDWR. CDWR shall grant easements to SCE for the term of this Agreement, at no cost to SCE, for the Interconnection Facilities. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the Pearblossom Facilities will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Pearblossom Pumping Plant to the ISO Controlled Grid under this Agreement shall be 152 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Grid for delivery to the Pearblossom Pumping Plant.
- 8.5 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the facilities and equipment which comprise the Pearblossom Pumping Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any

potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the equipment and facilities comprising the Pearblossom Pumping Plant and any such change does or may cause material system impacts or is or is materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its sole expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its sole expense, operate, and maintain the Pearblossom Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- ~~9.3 The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of 0.90 boost to 0.95 buck.~~
- 9.3 CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth.
- 9.4 CDWR shall request and the ISO will apply a 0.585% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Pearblossom Facilities shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Pearblossom Pumping Plant shall be operated with all of CDWR's protective apparatus in service whenever the Pearblossom Pumping Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- ~~9.7 CDWR shall cause the Pearblossom Pumping Plant to participate in ISO congestion management.~~ CDWR is aware that the Pearblossom Pumping Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system

- parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Pearblossom Pumping Plant. CDWR shall be responsible for protecting the Pearblossom Pumping Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Pearblossom Pumping Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Pearblossom Pumping Plant or in taking the Interconnection Facilities or the Pearblossom Pumping Plant out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Pearblossom Pumping Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.
- 9.15 CDWR shall provide to SCE by September 1 of each year an update of CDWR's load forecast for the Pearblossom Pumping Plant for the following five calendar years.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Pearblossom Pumping Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Pearblossom Pumping Plant.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.

- 10.6 Metering of CDWR pump load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry unit data, which shall include, for each ~~pump unit~~ pumping plant, MW, MVAR, pump motor status, and pump motor circuit breaker status.
- 10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$22,300 per month for Interconnection Service provided under this Agreement.

12. Billing and Payment:

- 12.1 Billing Procedure:
Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section ~~40-11~~. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.
- 12.2 Interest on Unpaid Balances:
Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.
- 12.3 Default:
In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.
- 12.4 Billing Dispute:
In the event CDWR desires to dispute all or any part of any bill submitted by SCE,

CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22, change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
~~P.O. Box 388~~
Sacramento, CA 95802
~~Attn: Chief Energy Division~~
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22, change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section ~~41~~12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that

the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Audits:

~~Each Party shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after each payment is made under this Agreement.~~

16. — Authorized Representatives:

~~16.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.~~

~~The 15. — Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.:~~

~~16.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.~~

~~16.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 21.~~

17. Regulatory Authority:

15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.

15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.

15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.

15.4 Either Party may at any time change the designation of its Authorized Representative by

written notice to the other Party pursuant to Section 22.

- ~~17.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.~~
- ~~17.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.~~
- ~~17.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.~~

16. Regulatory Authority:

- ~~18~~16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

1918. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

2019. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

2120. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

22.21. Governing Law:

~~Except as otherwise provided by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the state of California.~~

23. Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
~~P.O. Box 942836~~
~~Sacramento, CA 94236-0001~~
~~Attn: Executive Manager, Power Systems~~
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

24.23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

25.24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

26.25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

27. Assignment:

- ~~27.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.~~
- ~~27.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.~~

26. Assignment:

28. Child Support Compliance Act

- 26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.
- 26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.
- ~~29.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.~~
- ~~29.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all~~

~~employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.~~

27. Approval:

29. Americans With Disabilities Act

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

~~SCE assures CDWR that it complies with the Americans With Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.~~

28. Amendment:

30. Drug-Free Workplace Certification

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

~~The Parties certify to provide a drug-free workplace for each Party's respective employees. The Parties shall accomplish this by the following:~~

- ~~30.1 Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against them for violations.~~

Worker's Compensation Liability**29. Audit:**

~~Each Party affirms it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers compensation, or to undertake self-insurance in accordance with the provisions of such Code. Each Party affirms it shall comply with such provisions prior to the execution of this Agreement.~~

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

32. National Labor Relations Board

~~In accordance with Public Contract Code Section 10296, each Party declares that no more than one final, unappealable finding of contempt of court by a Federal court has been issued against it within the immediately preceding two year period because of its failure to comply with an order of a Federal court which ordered it to comply with an order of the National Labor Relations Board.~~

30. Independent Contractor:

33. Signature Clause:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference

and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;

- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject

area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

42.1 SCE recognizes the importance of child and family support obligations and shall fully

comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.

42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, ~~2004~~2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

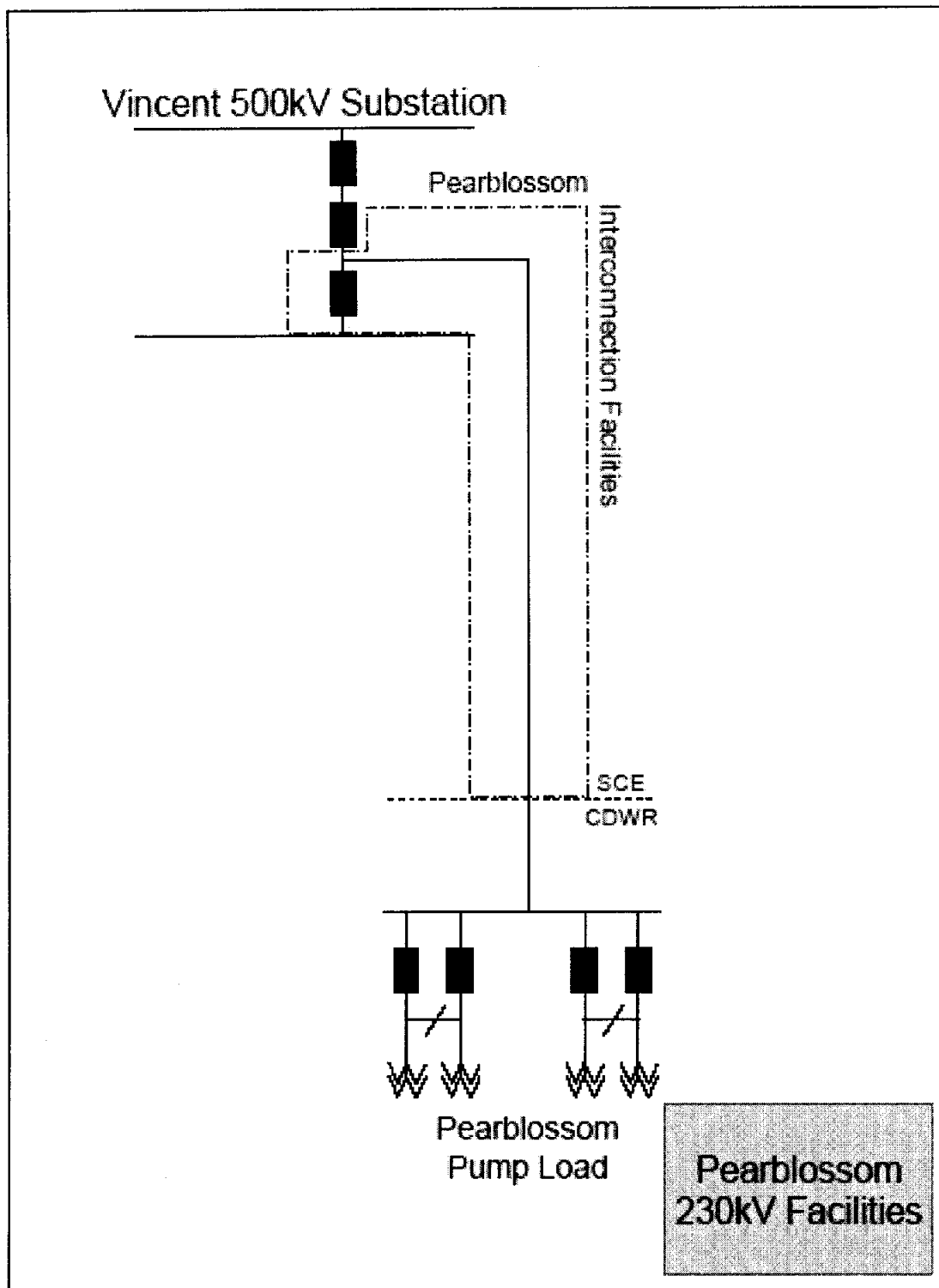
Substation Facilities

One-third of the ~~220~~230 kV Line Position (breaker and half scheme) at Vincent ~~220~~500 kV Substation in Position 7 of the 230 kV bus.

Line Facilities

Approximately 13.13 miles of ~~220~~230 kV line between SCE's Vincent ~~220~~500 kV Substation and CDWR's facilities in the vicinity of Pearblossom Pumping Plant Substation.

Exhibit B



ATTACHMENT C

**Oso Pumping Plant Interconnection Facilities
Agreement, Service Agreement No. 33, under
FERC Electric Tariff, Second Revised Volume
No. 6**

(Clean Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE OSO PUMPING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	3
2. Recitals:	3
3. Agreement:	3
4. Definitions:	3
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	4
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	8
14. Disputes:	9
15. Authorized Representatives:	9
16. Regulatory Authority:	10
17. No Dedication of Facilities:	10
18. No Third Party Rights:	10
19. Relationship of Parties:	10
20. Waivers:	11
21. Governing Law:	11
22. Notices:	11
23. Severability:	12
24. Entire Agreement:	12
25. Ambiguities:	12
26. Assignment:	12
27. Approval:	13
28. Amendment:	13
29. Audit:	13
30. Independent Contractor:	13
31. Timeliness:	13
32. Recycling Certification:	13
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15

38. Expatriate Corporations:	15
39. Doing Business With the State of California:	15
40. Corporate Qualifications To Do Business in California:	16
41. Resolution:	17
42. Child Support Compliance Act:	17
43. Signature Clause:	18
Exhibit A. Interconnection Facilities Description:	19
Exhibit B. One-Line Diagram for Interconnection Facilities:	20

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Oso Pumping Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112 which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and SCE for 72 MW of Interconnection service for the Oso Pumping Plant in accordance with SCE's TO Tariff for receipt from the ISO Grid for a period of thirty (30) years from the Effective Date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial

capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 15.
- 4.3. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.4. Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit B, owned by SCE to interconnect the Oso Pumping Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.5. Oso Facilities: All equipment and facilities comprising Oso Pumping Plant and all facilities owned by CDWR associated with interconnection of the Oso Pumping Plant to the Interconnection Facilities.
- 4.6. Oso Pumping Plant: CDWR's 72 MW pumping plant, currently interconnected to CDWR-owned substation and SCE's 66 kV transmission line out of SCE's 66 kV Bailey Substation, intended to receive energy from the ISO Grid.
- 4.7. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as that Tariff may be amended from time to time.
- 4.8. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.9. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the Effective Date, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE if notice of termination is received by SCE on or after the Effective Date, and (iii) the date specified pursuant to Section 8.5; or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff

shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 The Interconnection Facilities will be located on property which is owned by CDWR. CDWR shall grant easements to SCE for the term of this Agreement, at no cost to SCE, for the Interconnection Facilities. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the Oso Facilities will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Oso Pumping Plant to the ISO Controlled Grid under this Agreement shall be 72 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Grid for delivery to the Oso Pumping Plant.
- 8.5 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the facilities and equipment which comprise the Oso Pumping Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the equipment and facilities comprising the Oso Pumping Plant and any such change does or may cause material system impacts or is or is materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its sole expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its sole expense, operate, and maintain the Oso Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth.
- 9.4 CDWR shall request and the ISO will apply a 0.924% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Oso Facilities shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Oso Pumping Plant shall be operated with all of CDWR's protective apparatus in service whenever the Oso Pumping Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 CDWR is aware that the Oso Pumping Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Oso Pumping Plant. CDWR shall be responsible for protecting the Oso Pumping Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Oso Pumping Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Oso Pumping Plant or in taking the Interconnection Facilities or the Oso Pumping Plant out of service, provided that in an emergency SCE

may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.

- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Oso Pumping Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.
- 9.15 CDWR shall provide to SCE by September 1 of each year an update of CDWR's load forecast for the Oso Pumping Plant for the following five calendar years.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Oso Pumping Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Oso Pumping Plant.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR pump load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry unit data, which shall include, for each pumping plant, MW, MVAR, pump motor status, and pump motor circuit breaker status.
 - 10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE

to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$5,950 per month for Interconnection Service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section 11. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22, change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22, change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section 12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Authorized Representatives:

- 15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be

in writing.

- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.

16. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint

or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

26. Assignment:

- 26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.
- 26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the

assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

27. Approval:

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28. Amendment:

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

29. Audit:

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

30. Independent Contractor:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the

required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the

Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and;
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

- 39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

- 39.2 **LABOR CODE/WORKERS' COMPENSATION:** SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)
- 39.3 **AMERICANS WITH DISABILITIES ACT:** SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)
- 39.4 **CONTRACTOR NAME CHANGE:** An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act:

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

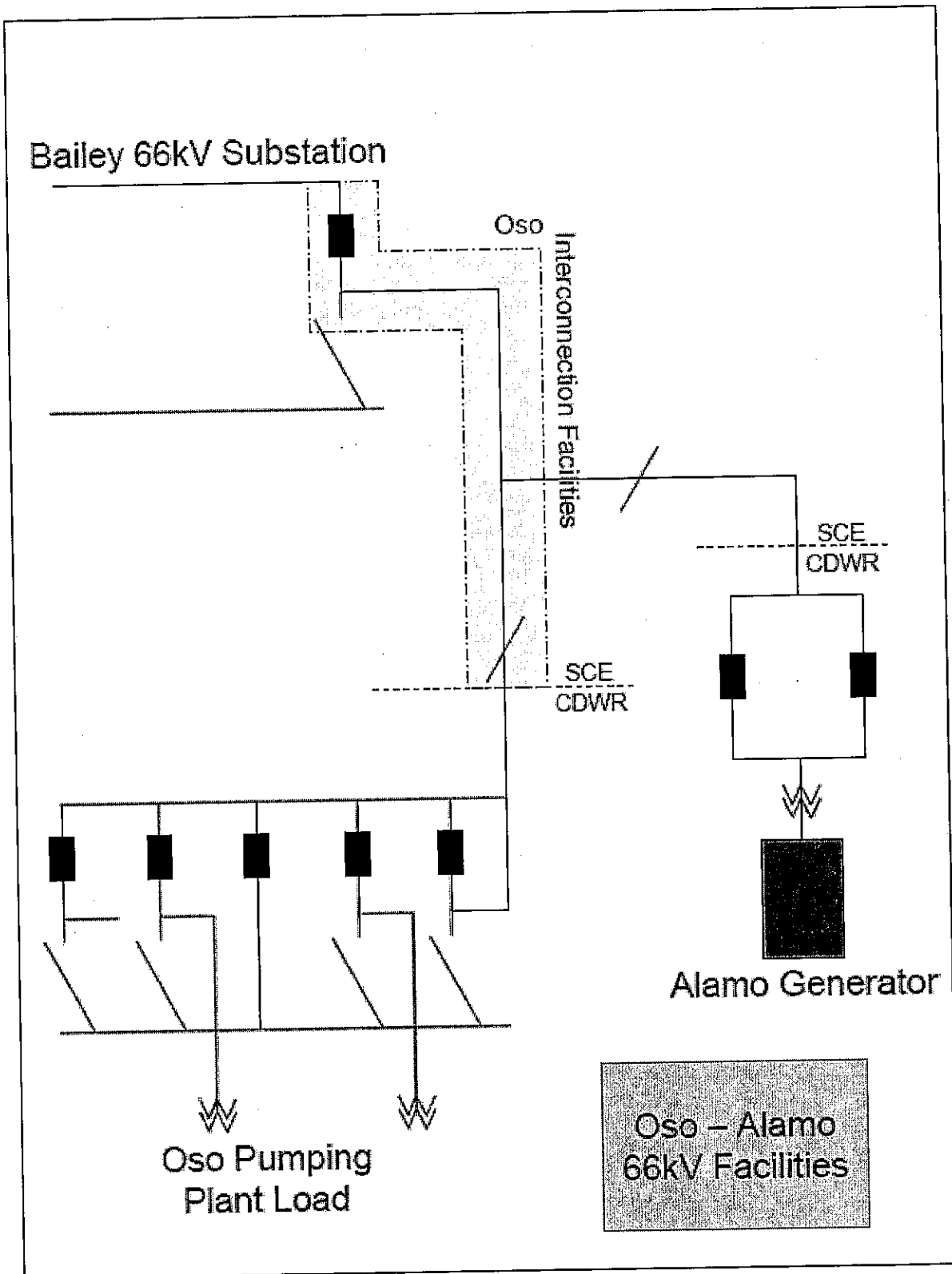
Substation Facilities

Single breaker 66 kV Line Position at Bailey 66 kV Substation in Position 12.

Line Facilities

Approximately 4.19 miles of 66 kV line between SCE's Bailey 66 kV Substation and CDWR's facilities in the vicinity of Oso Pumping Plant Substation.

Exhibit B



**Oso Pumping Plant Interconnection Facilities
Agreement, Service Agreement No. 33, under
FERC Electric Tariff, Second Revised Volume
No. 6**

(Redlined Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE OSO PUMPING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1.- Parties:	3	
2.- Recitals:	3	
3.- Agreement:	3	
4.- Definitions:	43	
5.- Effective Date and Term:	4	
6.- Agreement Pursuant to the TO Tariff:	54	
7.- Creditworthiness:	5	
8.- Interconnection Principles:	5	
9.- Interconnected Operations:	6	
10.- Metering:	7	
11.- Charges:	8	
12.- Billing and Payment:	8	
13.- Addresses for Billing and Payment:	98	
14.- Disputes:	9	
15. Audits:		Au
16. Authorized Representatives:		Re
17. Regulatory Authority:		No
18. No Dedication of Facilities:		No
19. No Third Party Rights:		Re
20. Relationship of Parties:		W:
21. Waivers:		Go
22. Governing Law:		No
23. Notices:		Se
24. Severability:		En
25. Entire Agreement:		An
26. Ambiguities:		As
27. Assignment:		Ap
28. Child Support Compliance Act		An
29. Americans With Disabilities Act		Au
30. Drug-Free Workplace Certification		Inc
31. Worker's Compensation Liability		Th
32. National Labor Relations Board		Re
33. Signature		15-
34. Union Activities:	1514	
35. Statement of Compliance:	1615	
36. Drug-Free Workplace Requirements:	1615	
37. National Labor Relations Board Certification:	1715	

38. Expatriate Corporations:	1715
39. Doing Business With the State of California:	1715
40. Corporate Qualifications To Do Business in California:	1816
41. Resolution:	1817
42. Child Support Compliance Act:	1817
43. Signature Clause:	2018
Exhibit A. Interconnection Facilities Description:	142219
Exhibit B. One-Line Diagram for Interconnection	
Facilities:	152320

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2.- Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a ~~utility~~ department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Oso Pumping Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112 which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and SCE for 72 MW of Interconnection service for the Oso Pumping Plant in accordance with SCE's TO Tariff for receipt from the ISO Grid for a period of thirty (30) years from the Effective Date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4.- Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 1415.
- 4.3. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.4. Interconnection Facilities: Facilities, as specified in Exhibit A and as shown in Exhibit B, owned by SCE to interconnect the Oso Pumping Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.5. Oso Facilities: All equipment and facilities comprising Oso Pumping Plant and all facilities owned by CDWR associated with interconnection of the Oso Pumping Plant to the Interconnection Facilities.
- 4.6. Oso Pumping Plant: CDWR's 72 MW pumping plant, currently interconnected to CDWR-owned substation and SCE's 66 kV transmission line out of SCE's 66 kV Bailey Substation, intended to receive energy from the ISO Grid at ~~SCE's 220 kV Vincent Substation.~~
- 4.7. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as that Tariff may be amended from time to time.
- 4.8. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.9. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the Effective Date, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE if notice of termination is received by SCE on or after the Effective Date, and (iii) the date specified pursuant to Section 8.5; or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.}

8. Interconnection Principles:

- 8.1 The Interconnection Facilities will be located on property which is owned by CDWR. CDWR shall grant easements to SCE for the term of this Agreement, at no cost to SCE, for the Interconnection Facilities. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the Oso Facilities will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Oso Pumping Plant to the ISO Controlled Grid under this Agreement shall be 72 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Grid for delivery to the Oso Pumping Plant.
- 8.5 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the facilities and equipment which comprise the Oso Pumping Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such

changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the equipment and facilities comprising the Oso Pumping Plant and any such change does or may cause material system impacts or is or is materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its sole expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its sole expense, operate, and maintain the Oso Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- ~~9.3 The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of 0.90 boost to 0.95 buck.~~
- 9.3 CDWR shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. CDWR shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth.
- 9.4 CDWR shall request and the ISO will apply a 0.924% line loss compensation factor incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Oso Facilities shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Oso Pumping Plant shall be operated with all of CDWR's protective apparatus in service whenever the Oso Pumping Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- ~~9.7 CDWR shall cause the Oso Pumping Plant to participate in ISO congestion management.~~
CDWR is aware that the Oso Pumping Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching

- center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Oso Pumping Plant. CDWR shall be responsible for protecting the Oso Pumping Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Oso Pumping Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Oso Pumping Plant or in taking the Interconnection Facilities or the Oso Pumping Plant out of service, provided that in an emergency SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Oso Pumping Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.
- 9.15 CDWR shall provide to SCE by September 1 of each year an update of CDWR's load forecast for the Oso Pumping Plant for the following five calendar years.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Oso Pumping Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Oso Pumping Plant.

- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR pump load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry unit data, which shall include, for each ~~pump unit~~ pumping plant, MW, MVAR, pump motor status, and pump motor circuit breaker status.
- 10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$5,950 per month for Interconnection Service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure:

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section ~~10.11~~. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances:

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default:

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute:

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22, change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
~~P.O. Box 388~~
~~Sacramento, CA 95802~~
~~Attn: Chief Energy Division~~
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22, change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section ~~11~~12.4 and except as otherwise limited by

law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Authorized Representatives:

15. Audits:

~~Each Party shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after each payment is made under this Agreement.~~

- 15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.

16. Regulatory Authority:

16. ~~Authorized Representatives:~~

- ~~16.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.~~
- ~~16.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.~~
- ~~16.3 The Authorized Representatives shall have no authority or power to modify, add, waive~~

~~or eliminate any terms or conditions of this Agreement.~~
~~16.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 21.~~

17. Regulatory Authority:

- 1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

~~18.~~17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

~~19.~~18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

~~20.~~19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

2120. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

22-21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by, and ~~construed~~ shall be interpreted in accordance with, the laws of the state of California.

23-22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
~~P.O. Box 942836~~

~~Sacramento, CA 94236-0001~~
~~Attn: Executive Manager, Power Systems~~
~~State Water Project Division of Operations~~
~~Power Planning and Contracts~~
~~3310 El Camino Avenue, LL-90~~
~~Sacramento, CA 95821-6340~~
~~Attn: Chief, Power Planning and Contracts~~

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

24.23. Severability:

Any provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of any such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

25.24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

26.25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

27.26. Assignment:

26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of

any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.

- 26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

27. Approval:

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28. Amendment:

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

29. Audit:

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

30. Independent Contractor:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

~~27.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations~~

to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.

~~27.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.~~

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,

4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act:

28. Child Support Compliance Act

42.1 SCE recognizes the importance of child and family support obligations and shall fully

comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.

~~29.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code.~~

~~29.2~~ 2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

~~29. Americans With Disabilities Act~~

43. Signature Clause:

~~SCE assures CDWR that it complies with the Americans With Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.~~

30. Drug-Free Workplace Certification

~~The Parties certify to provide a drug free workplace for each Party's respective employees. The Parties shall accomplish this by the following:~~

~~30.1 Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against them for violations.~~

31. Worker's Compensation Liability

~~Each Party affirms it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers compensation, or to undertake self insurance in accordance with the provisions of such Code. Each Party affirms it shall comply with such provisions prior to the execution of this Agreement.~~

32. National Labor Relations Board

~~In accordance with Public Contract Code Section 10296, each Party declares that no more than one final, unappealable finding of contempt of court by a Federal court has been issued against it within the immediately preceding two year period because of its failure to comply with an order of a Federal court which ordered it to comply with an order of the National Labor Relations Board.~~

33. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 20042005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

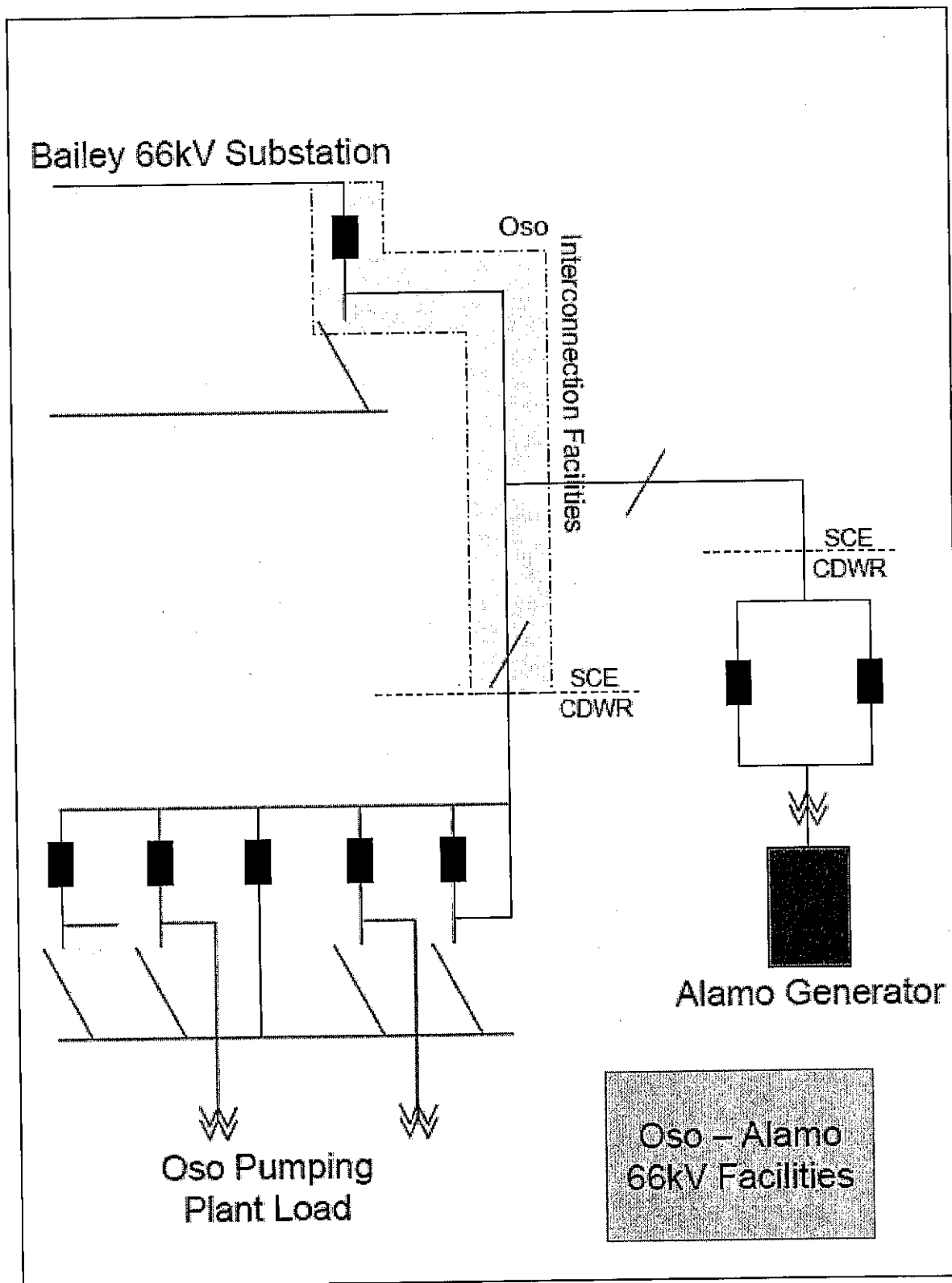
Substation Facilities

Single breaker 66 kV Line Position at Bailey 66 kV Substation in Position 12.

Line Facilities

Approximately 4.19 miles of 66 kV line between SCE's Bailey 66 kV Substation and CDWR's facilities in the vicinity of Oso Pumping Plant Substation.

Exhibit B



ATTACHMENT D

**William E. Warne Power Plant Interconnection
Facilities Agreement, Service Agreement No. 34,
under FERC Electric Tariff, Second Revised
Volume No. 6**

(Clean Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE WARNE GENERATING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	3
2. Recitals:	3
3. Agreement:	3
4. Definitions:	4
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	5
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	8
14. Disputes:	9
15. Authorized Representatives:	9
16. Regulatory Authority:	10
17. No Dedication of Facilities:	10
18. No Third Party Rights:	10
19. Relationship of Parties:	10
20. Waivers:	11
21. Governing Law:	11
22. Notices:	11
23. Severability:	12
24. Entire Agreement:	12
25. Ambiguities:	12
26. Assignment:	12
27. Approval:	13
28. Amendment:	13
29. Audit:	13
30. Independent Contractor:	13
31. Timeliness:	13
32. Recycling Certification:	13
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15

38. Expatriate Corporations:.....	15
39. Doing Business With the State of California:	15
40. Corporate Qualifications To Do Business in California:.....	16
41. Resolution:.....	17
42. Child Support Compliance Act:.....	17
43. Signature Clause:.....	18
 Exhibit A. Interconnection Facilities Description:	 19
Exhibit B. One-Line Diagram for Interconnection Facilities:.....	20

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the William E. Warne Power Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112, which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and to SCE for 82 MW of Interconnection service from the William E. Warne Power Plant in accordance with SCE's TO Tariff for delivery to the ISO Grid for a period of thirty (30) years from the effective date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract. CDWR requests an effective date of January 1, 2005.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 15.
- 4.3. Effective Date: The effective date ordered by FERC pursuant to Section 5.1.
- 4.4. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.5. Interconnection Facilities: Facilities, as specified in Exhibit A and shown in Exhibit B, owned by SCE to interconnect William E. Warne Power Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.6. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as such Tariff may be amended from time to time.
- 4.7. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.8. William E. Warne Power Plant: CDWR's 82 MW hydroelectric powerplant interconnected to SCE's Pastoria-Pardee 230kV transmission line delivering energy to the ISO Grid.
- 4.9. Warne Facilities: All equipment and facilities comprising William E. Warne Power Plant and all facilities owned by CDWR associated with interconnection of the William E. Warne Power Plant to Interconnection Facilities.
- 4.10. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the date this Agreement becomes effective, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE, (iii) the date specified pursuant to Section 8.4, or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the CDWR Project will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 CDWR shall execute the Reliability Management System Agreement by and between Southern California Edison and State of California Department of Water Resources.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the William E. Warne Power Plant to the ISO Controlled Grid under this Agreement shall be 82 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the generation, power transformation, or transmission facilities and equipment which comprise the William E. Warne Power Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the generation, power transformation, or transmission equipment and facilities comprising the William E. Warne Power Plant and any such change does or may cause material system impacts or is or may be materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this

9. Interconnected Operations:

- 9.1 SCE shall, at its own expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its own expense, operate, and maintain the Warne Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of 0.90 boost to 0.95 buck.
- 9.4 CDWR shall request and the ISO will apply a 0.071% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The William E. Warne Power Plant shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The William E. Warne Power Plant shall be operated with all of CDWR's protective apparatus in service whenever the William E. Warne Power Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 CDWR is aware that the William E. Warne Power Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the William E. Warne Power Plant. CDWR shall be responsible for protecting the William E. Warne Power Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the William E. Warne Power Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the William E. Warne Power Plant or in taking the

Interconnection Facilities or the William E. Warne Power Plant or in taking the Interconnection Facilities or the William E. Warne Power Plant out of service; provided that in an emergency, as determined by SCE, SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.

- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the William E. Warne Power Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the William E. Warne Power Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the William E. Warne Power Plant prior to operation.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR generation and load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry generator unit data, which shall include, for each generator plant, MW, MVAR, generator status, generator circuit breaker status and generator output voltage.
 - 10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens

meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$3,431 per month for Interconnection service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section 11. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company

Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22 change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22 change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section 12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Authorized Representatives:

- 15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive

- or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.

16. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint

or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340

Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

26. Assignment:

- 26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.

26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

27. Approval:

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28. Amendment:

Amendments to the Agreements are governed by Article 17 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

29. Audit:

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

30. Independent Contractor:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law:

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the

- general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
- 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

- 39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of

any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

- 39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)
- 39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)
- 39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

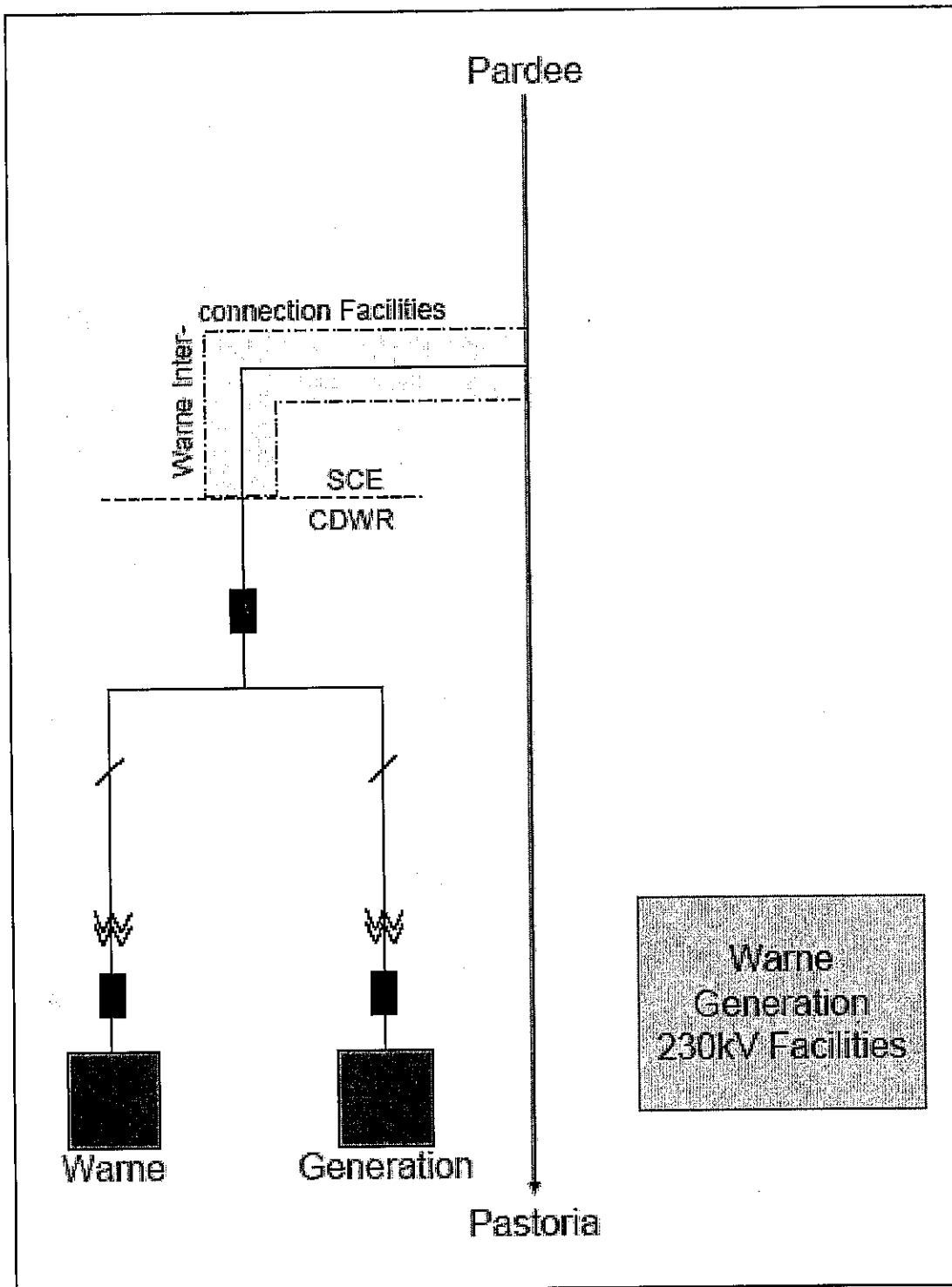
Exhibit A

Interconnection Facilities Description

Line Facilities

Approximately 2.95 miles of 230 kV line between SCE's 230 kV Pastoria-Pardee Transmission Line and CDWR's facilities in the vicinity of Warne Generation Plant.

Exhibit B



**William E. Warne Power Plant Interconnection
Facilities Agreement, Service Agreement No. 34,
under FERC Electric Tariff, Second Revised
Volume No. 6**

(Redlined Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE WARNE GENERATING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	2
2. Recitals:	2
3. Agreement:	2
4. Definitions:	3
5. Effective Date and Term:	3
6. Agreement Pursuant to the TO Tariff:	4
7. Creditworthiness:	4
8. Interconnection Principles:	4
9. Interconnected Operations:	5
10. Metering:	6
11. Charges:	7
12. Billing and Payment:	7
13. Addresses for Billing and Payment:	7
14. Disputes:	8
15. Audits:	8
16. Authorized Representatives:	8
17. Regulatory Authority:	9
18. No Dedication of Facilities:	9
19. No Third Party Rights:	9
20. Relationship of Parties:	10
21. Waivers:	10
22. Governing Law:	10
23. Notices:	10
24. Severability:	11
25. Entire Agreement:	11
26. Ambiguities:	11
27. Assignment:	11
28. Child Support Compliance Act	12
30. Drug-Free Workplace Certification	12
31. Worker's Compensation Liability	12
32. National Labor Relations Board	13
33. Signature Clause:	13
Exhibit A. Interconnection Facilities Description:	14
Exhibit B. One Line Diagram for Interconnection Facilities:	15
Exhibit C. Reliability Management System Agreement:	16
1. Parties:	3

2. Recitals:	3
3. Agreement:	3
4. Definitions:	4
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	5
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	8
14. Disputes:	9
15. Authorized Representatives:	9
16. Regulatory Authority:	10
17. No Dedication of Facilities:	10
18. No Third Party Rights:	10
19. Relationship of Parties:	10
20. Waivers:	11
21. Governing Law:	11
22. Notices:	11
23. Severability:	12
24. Entire Agreement:	12
25. Ambiguities:	12
26. Assignment:	12
27. Approval:	13
28. Amendment:	13
29. Audit:	13
30. Independent Contractor:	13
31. Timeliness:	13
32. Recycling Certification:	13
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15
38. Expatriate Corporations:	15
39. Doing Business With the State of California:	15
40. Corporate Qualifications To Do Business in California:	16
41. Resolution:	17
42. Child Support Compliance Act:	17
43. Signature Clause:	18

Exhibit A. Interconnection Facilities Description:	19
Exhibit B. One-Line Diagram for Interconnection Facilities:.....	20

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the ~~of the~~ State of California, Department of Water Resources ("CDWR"); and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a ~~utility~~ department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the William E. Warne Power Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112, which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and to SCE for 82 MW of Interconnection service from the William E. Warne Power Plant in accordance with SCE's TO Tariff for delivery to the ISO Grid for a period of thirty (30) years from the effective date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract. CDWR requests an effective date of January 1, 2005.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Authorized Representative: The representative of a Party designated in accordance with Section 4.15.
- 4.3. Effective Date: The effective date ordered by FERC pursuant to Section 5.1.
- 4.4. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.5. Interconnection Facilities: Facilities, as specified in Exhibit A and shown in Exhibit B, owned by SCE to interconnect William E. Warne Power Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.6. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as such Tariff may be amended from time to time.
- 4.7. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.8. William E. Warne Power Plant: CDWR's 82 MW hydroelectric powerplant interconnected to SCE's Pastoria-Pardee 220kV/230kV transmission line delivering energy to the ISO Grid.
- 4.9. Warne Facilities: All equipment and facilities comprising William E. Warne Power Plant and all facilities owned by CDWR associated with interconnection of the William E. Warne Power Plant to Interconnection Facilities.
- 4.10. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the date this Agreement becomes effective, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE, (iii) the date specified pursuant to Section 8.4, or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the CDWR Project will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 CDWR shall execute the Reliability Management System Agreement by and between Southern California Edison and State of California Department of Water Resources in Exhibit C.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the William E. Warne Power Plant to the ISO Controlled Grid under this Agreement shall be 82 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the generation, power transformation, or transmission facilities and equipment which comprise the William E. Warne Power Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the generation, power transformation, or transmission equipment and facilities comprising the William E. Warne Power Plant and any such change does or may cause material system impacts or is or may be materially inconsistent with the

service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its own expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its own expense, operate, and maintain the Warne Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of .90 boost to 0.95 buck.
- 9.4 CDWR shall request and the ISO will apply a 0.071% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The William E. Warne Power Plant shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The William E. Warne Power Plant shall be operated with all of CDWR's protective apparatus in service whenever the William E. Warne Power Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 ~~CDWR shall cause the William E. Warne Power Plant to participate in ISO congestion management.~~ CDWR is aware that the William E. Warne Power Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the William E. Warne Power Plant. CDWR shall be responsible for protecting the William E. Warne Power Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the William E. Warne Power Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has

reason to believe that said protective apparatus may impair SCE's electric system integrity.

- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the William E. Warne Power Plant or in taking the Interconnection Facilities or the William E. Warne Power Plant out of service; provided that in an emergency, as determined by SCE, SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the William E. Warne Power Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the William E. Warne Power Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the William E. Warne Power Plant prior to operation.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR generation and load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry generator unit data, which shall include, for each generator ~~unit~~plant, MW, MVAR, generator status, generator circuit breaker status and generator output voltage.

10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$3,431 per month for Interconnection service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure-

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section ~~40.11~~. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances-

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and

the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section ~~2322~~ change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
~~P.O. Box 388~~
~~Sacramento, CA 95802~~
~~Attn: Chief Energy Division~~

State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section ~~2322~~ change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section ~~11~~12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Audits:

~~Each Party shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after each payment is made under this Agreement.~~

16.15. Authorized Representatives:

- 15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section ~~24~~22.

17.16. Regulatory Authority:

- ~~17~~16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- ~~17~~16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- ~~17~~16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

18.17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

19.18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

20.19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

21.20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

22.21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by; and ~~construed~~ shall be interpreted in accordance with; the laws of the state of California.

23.22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company

Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
~~P.O. Box 942836~~
~~Sacramento, CA 94236-0001~~
~~Attn: Executive Manager, Power Systems~~
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

24.23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

25.24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

26.25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

27. Assignment:

~~27.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.~~

~~27.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.~~

28. Child Support Compliance Act

26. Assignment:

~~28.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.~~

~~28.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.~~

26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.

26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

~~29. Americans With Disabilities Act~~

27. Approval:

~~SCE assures CDWR that it complies with the Americans With Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.~~

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

30. Drug-Free Workplace Certification

28. Amendment:

~~The Parties certify to provide a drug free workplace for each Party's respective employees. The Parties shall accomplish this by the following:~~

~~30.1 Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against them for violations.~~

Amendments to the Agreements are governed by Article 17 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

31 — Worker's Compensation Liability**29. Audit:**

~~Each Party affirms it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers compensation, or to undertake self insurance in accordance with the provisions of such Code. Each Party affirms it shall comply with such provisions prior to the execution of this Agreement.~~

32. National Labor Relations Board

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

~~In accordance with Public Contract Code Section 10296, each Party declares that no more than one final, unappealable finding of contempt of court by a Federal court has been issued against it within the immediately preceding two year period because of its failure to comply with an order of a Federal court which ordered it to comply with an order of the National Labor Relations Board.~~

30. Independent Contractor:

33. Signature Clause:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

~~The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 2004.~~

~~SOUTHERN CALIFORNIA EDISON COMPANY~~

~~By: _____
Name:
Title: Senior Vice President~~

~~CALIFORNIA DEPARTMENT OF WATER RESOURCES~~

~~By: _____
Name:
Title:~~

Exhibit A

Interconnection Facilities Description

Line Facilities

Approximately 2.95 miles of 220 kV line between SCE's 220 kV Pastoria Pardee Transmission Line and CDWR's facilities in the vicinity of Warne Generation Plant.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law:

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period

because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's

Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

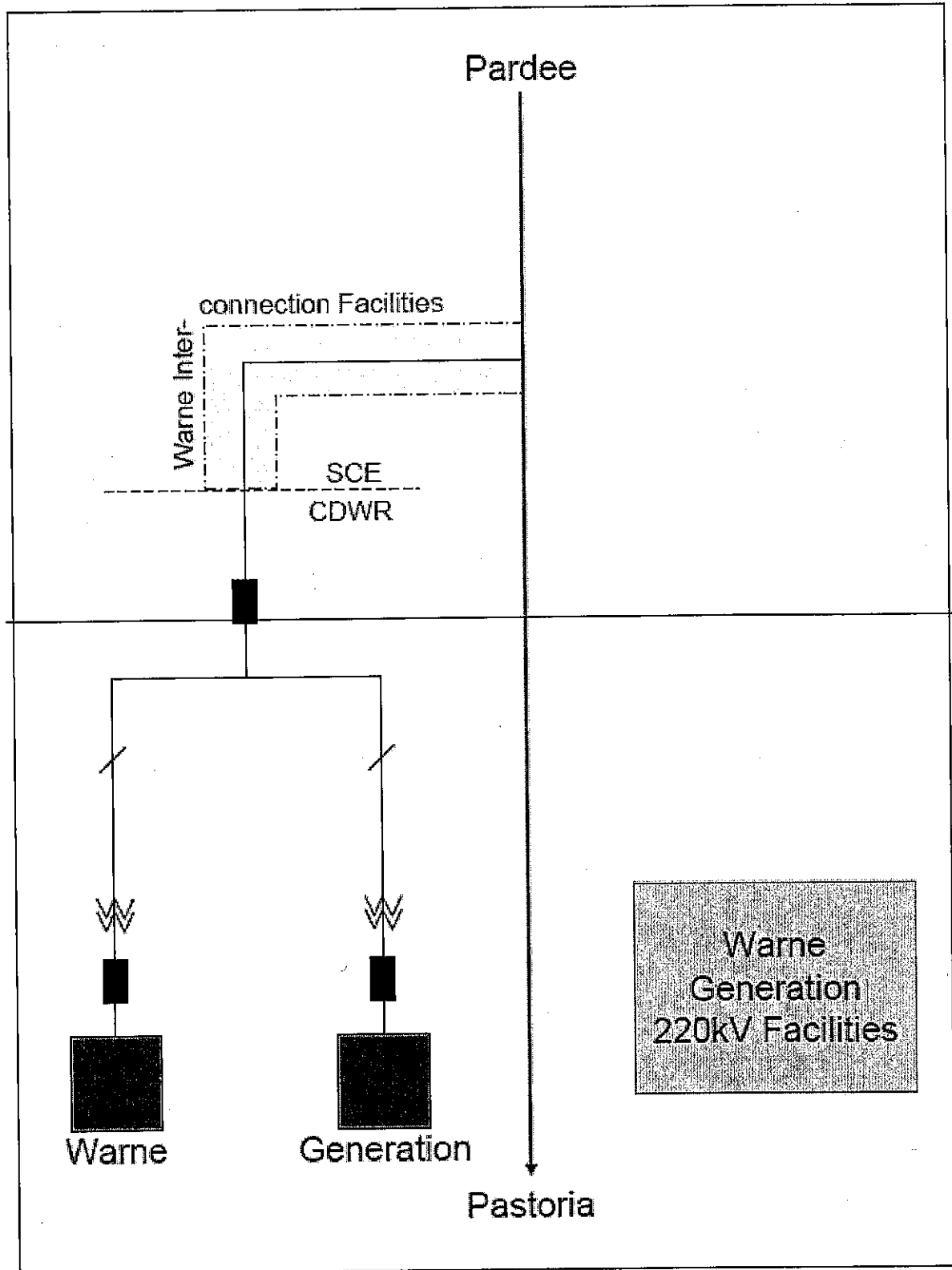
- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

Exhibit B



- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the day of , 2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

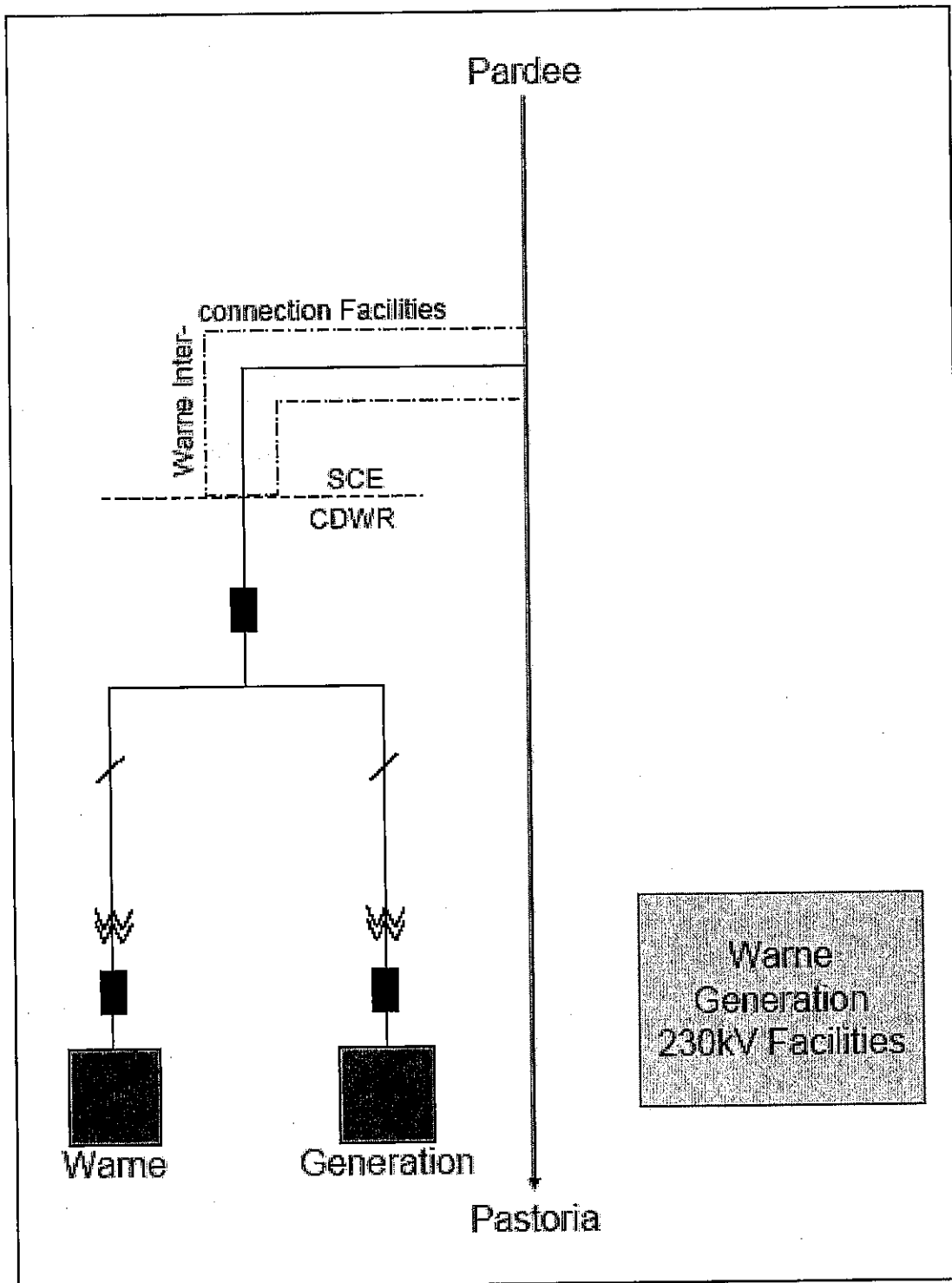
Exhibit A

Interconnection Facilities Description

Line Facilities

Approximately 2.95 miles of 230 kV line between SCE's 230 kV Pastoria-Pardee Transmission Line and CDWR's facilities in the vicinity of Warne Generation Plant.

Exhibit B



ATTACHMENT E

**Alamo Power Plant Interconnection Facilities
Agreement, Service Agreement No. 35, under FERC
Electric Tariff, Second Revised Volume No. 6**

(Clean Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE ALAMO GENERATING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1. Parties:	3
2. Recitals:	3
3. Agreement:	3
4. Definitions:	4
5. Effective Date and Term:	4
6. Agreement Pursuant to the TO Tariff:	5
7. Creditworthiness:	5
8. Interconnection Principles:	5
9. Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	8
14. Disputes:	9
15. Authorized Representatives:	9
16. Regulatory Authority:	10
17. No Dedication of Facilities:	10
18. No Third Party Rights:	10
19. Relationship of Parties:	10
20. Waivers:	11
21. Governing Law:	11
22. Notices:	11
23. Severability:	12
24. Entire Agreement:	12
25. Ambiguities:	12
26. Assignment:	12
27. Approval:	12
28. Amendment:	12
29. Audit:	13
30. Independent Contractor:	13
31. Timeliness:	13
32. Recycling Certification:	13
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15

38. Expatriate Corporations:	15
39. Doing Business With the State of California:	15
40. Corporate Qualifications To Do Business in California:	16
41. Resolution:	17
42. Child Support Compliance Act	17
43. Signature Clause:	18
Exhibit A. Interconnection Facilities Description:	19
Exhibit B. One-Line Diagram for Interconnection Facilities:	20

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the State of California, Department of Water Resources ("CDWR") and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Alamo Power Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112, which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and to SCE for 17 MW of Interconnection service from the Alamo Power Plant in accordance with SCE's TO Tariff for delivery to the ISO Grid for a period of thirty (30) years from the effective date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract. CDWR requests an effective date of January 1, 2005.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Alamo Facilities: All equipment and facilities comprising Alamo Power Plant and all facilities owned by CDWR associated with interconnection of the Alamo Power Plant to Interconnection Facilities.
- 4.3. Alamo Power Plant: CDWR's 17 MW hydroelectric powerplant interconnected to SCE's 66kV line between SCE's Bailey-Oso 66kV transmission line delivering energy to the ISO Grid.
- 4.4. Authorized Representative: The representative of a Party designated in accordance with Section 15.
- 4.5. Effective Date: The effective date ordered by FERC pursuant to Section 5.1.
- 4.6. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.7. Interconnection Facilities: Facilities, as specified in Exhibit A and shown in Exhibit B, owned by SCE to interconnect Alamo Power Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.8. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as such Tariff may be amended from time to time.
- 4.9. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.10. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the date this Agreement becomes effective, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE, (iii) the date specified pursuant to Section 8.4, or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the CDWR Project will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 CDWR shall execute the Reliability Management System Agreement by and between Southern California Edison and State of California Department of Water Resources.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Alamo Power Plant to the ISO Controlled Grid under this Agreement shall be 17 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the generation, power transformation, or transmission facilities and equipment which comprise the Alamo Power Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the generation, power transformation, or transmission equipment and facilities comprising the Alamo Power Plant and any such change does or may cause material system impacts or is or may be materially inconsistent with the service provided pursuant to this Agreement, SCE shall have the right to terminate this Agreement subject to FERC

acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its own expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its own expense, operate, and maintain the Alamo Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of 0.90 boost to 0.95 buck.
- 9.4 CDWR shall request and the ISO will apply a 0.337% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Alamo Power Plant shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Alamo Power Plant shall be operated with all of CDWR's protective apparatus in service whenever the Alamo Power Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 CDWR is aware that the Alamo Power Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Alamo Power Plant. CDWR shall be responsible for protecting the Alamo Power Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Alamo Power Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system integrity.
- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the

- Interconnection Facilities or the Alamo Power Plant or in taking the Interconnection Facilities or the Alamo Power Plant out of service; provided that in an emergency, as determined by SCE, SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Alamo Power Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Alamo Power Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Alamo Power Plant prior to operation.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR generation and load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry generator unit data, which shall include, for each generator plant, MW, MVAR, generator status, generator circuit breaker status and generator output voltage.
- 10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens

meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$2,956 per month for Interconnection service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section 11. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section 22 change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section 22 change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section 12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Authorized Representatives:

- 15.1 In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive

or eliminate any terms or conditions of this Agreement.

- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.

16. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.

17. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint

or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

26. Assignment:

26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.

26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in

writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.

27. Approval:

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28. Amendment:

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

29. Audit:

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

30. Independent Contractor:

SCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

31. Timeliness:

Time is of the essence in this Agreement.

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public

Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing,

Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

- 39.1 **CONFLICT OF INTEREST:** SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

- 39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)
- 39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)
- 39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, 2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

Exhibit A

Interconnection Facilities Description

Line Facilities

Approximately 2.94 miles of 66 kV line between SCE's 66 kV Bailey-Oso transmission line and CDWR's facilities in the vicinity of Alamo Generation Plant.

The diagram illustrates the electrical configuration of the Bailey 66kV Substation. At the top left, the 'Bailey 66kV Substation' is shown with a main busbar. A line connects this busbar to the 'Alamo Interconnection' and another line connects it to the 'SCE CDWR'. Below the main busbar, there are five breakers connected to a busbar, which then connects to the 'Oso Pumping Plant Load'. To the right, the 'Alamo Generator' is connected to the 'SCE CDWR' through a transformer. A legend box at the bottom right indicates 'Oso - Alamo 66kV Facilities'.

**Alamo Power Plant Interconnection Facilities
Agreement, Service Agreement No. 35, under FERC
Electric Tariff, Second Revised Volume No. 6**

(Redlined Version)

INTERCONNECTION FACILITIES AGREEMENT

BETWEEN

STATE OF CALIFORNIA

DEPARTMENT OF WATER RESOURCES

AND

SOUTHERN CALIFORNIA EDISON COMPANY

FOR THE ALAMO GENERATING PLANT

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

TABLE OF CONTENTS

1.- Parties:	3
2.- Recitals:	3
3.- Agreement:	3
4.- Definitions:	4
5.- Effective Date and Term:	4
6.- Agreement Pursuant to the TO Tariff:	5
7.- Creditworthiness:	5
8.- Interconnection Principles:	5
9.- Interconnected Operations:	6
10. Metering:	7
11. Charges:	8
12. Billing and Payment:	8
13. Addresses for Billing and Payment:	8
14. Disputes:	9
15. Audits:	9
16. Authorized Representatives:	10
17. Regulatory Authority:	11
18. No Dedication of Facilities:	11
19. No Third Party Rights:	12
20. Relationship of Parties:	12
21. Waivers:	12
22. Governing Law:	12
23. Notices:	13
24. Severability:	13
25. Entire Agreement:	13
26. Ambiguities:	13
27. Assignment:	13
28. Child Support Compliance Act:	13
29. Audit:	13
30. Independent Contractor:	13
31. Timeliness:	13
32. Recycling Certification:	13
33. Non-Discrimination Clause:	14
34. Union Activities:	14
35. Statement of Compliance:	15
36. Drug-Free Workplace Requirements:	15
37. National Labor Relations Board Certification:	15

38. Expatriate Corporations:	15	
39. Doing Business With the State of California:	15	
40. Corporate Qualifications To Do Business in California:	16	
41. Resolution:	17	
30. Drug-Free Workplace Certification	42. Child Support Compliance Act	19
31. Worker's Compensation Liability	43. Signature Clause:	20
32. National Labor Relations Board		1613
33. Signature Clause:		1613
Exhibit A. Interconnection Facilities Description:	1419	
Exhibit B. One-Line Diagram for Interconnection Facilities:	15	
<u>20</u>		
Exhibit C. Reliability Management System Agreement:	16	

**INTERCONNECTION FACILITIES AGREEMENT BETWEEN
STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SOUTHERN CALIFORNIA EDISON COMPANY**

1. Parties:

The Parties to this Interconnection Facilities Agreement are the ~~of the~~ State of California, Department of Water Resources ("CDWR"), and Southern California Edison Company ("SCE"), a California corporation, hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

2. Recitals:

This Agreement is made with reference to the following facts, among others:

- 2.1. SCE is a California public utility engaged in the business of generating and transmitting electric energy in the States of Arizona, California, Nevada, and New Mexico. SCE is further engaged in the business of distributing such energy in the State of California.
- 2.2. CDWR is a ~~utility~~ department of the State of California engaged in the operation of the State of California's water project pursuant to the laws of the State of California.
- 2.3. SCE currently provides interconnection and transmission service for the Alamo Power Plant pursuant to the Amended and Restated Power Contract between the Parties, First Revised Rate Schedule No. 112, which terminates on December 31, 2004.
- 2.4. On February 27, 2004, CDWR submitted a request to the California Independent System Operator and to SCE for 17 MW of Interconnection service from the Alamo Power Plant in accordance with SCE's TO Tariff for delivery to the ISO Grid for a period of thirty (30) years from the effective date of this Agreement to continue the Interconnection service provided pursuant to the Power Contract. CDWR requests an effective date of January 1, 2005.
- 2.5. The Parties desire to enter into this Agreement to specify the terms for SCE to provide Interconnection service; for SCE to own, operate and maintain the Interconnection Facilities; and for CDWR to pay for such service.

3. Agreement:

In consideration of the promises and the mutual covenants and agreements contained herein, the Parties agree as follows:

4. Definitions:

All terms with initial capitalization not otherwise defined herein shall have the meanings assigned to them in SCE's TO Tariff. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified:

- 4.1. Agreement: This Interconnection Facilities Agreement between California Department of Water Resources and Southern California Edison Company.
- 4.2. Alamo Facilities: All equipment and facilities comprising Alamo Power Plant and all facilities owned by CDWR associated with interconnection of the Alamo Power Plant to Interconnection Facilities.
- 4.3. Alamo Power Plant: CDWR's 17 MW hydroelectric powerplant interconnected to SCE's 66kV line between SCE's Bailey-Oso 66kV transmission line delivering energy to the ISO Grid.
- 4.4. Authorized Representative: The representative of a Party designated in accordance with Section 1415.
- 4.5. Effective Date: The effective date ordered by FERC pursuant to Section 5.1.
- 4.6. FERC: Federal Energy Regulatory Commission, or its regulatory successor.
- 4.7. Interconnection Facilities: Facilities, as specified in Exhibit A and shown in Exhibit B, owned by SCE to interconnect Alamo Power Plant to the ISO Controlled Grid, as such facilities may be modified during the term of this Agreement.
- 4.8. Scheduling Coordinator: The Scheduling Coordinator as defined in the ISO Tariff, as such Tariff may be amended from time to time.
- 4.9. TO Tariff: SCE's Transmission Owner Tariff, as that Tariff may be amended from time to time.
- 4.10. WECC: The Western Electricity Coordinating Council or its successor.

5. Effective Date and Term:

- 5.1. This Agreement shall become effective upon the effective date ordered by FERC ("Effective Date").
- 5.2. Subject to applicable FERC regulations, this Agreement shall terminate on the earliest of (i) the date thirty (30) years from the date this Agreement becomes effective, (ii) the date specified by CDWR upon one hundred eighty (180) calendar days advance written notice to SCE, (iii) the date specified pursuant to Section 8.4, or (iv) the date specified pursuant to Section 12.3.
- 5.3. Any obligations of one Party to the other, including payment obligations, as a result of this Agreement, which accrued prior to or as a result of termination of this Agreement, shall survive termination.
- 5.4. If CDWR has given notice of termination and a filing with FERC is required to terminate this Agreement, CDWR shall support such filing before the FERC if requested by SCE.

6. Agreement Pursuant to the TO Tariff:

This Agreement governs services pursuant to the TO Tariff. Accordingly, the rights and obligations of the Parties pursuant to this Agreement are subject to applicable provisions of the TO Tariff, including without limitation its provisions regarding indemnification and Uncontrollable Force, in addition to the provisions of this Agreement. In case of a conflict in the terms contained in this Agreement and the terms in the TO Tariff, the terms of the TO Tariff shall apply. CDWR has read and is familiar with the terms of the TO Tariff.

7. Creditworthiness:

Upon the Effective Date, SCE may require CDWR to provide and maintain in effect during the term of this agreement a security instrument in a form acceptable to SCE in its sole discretion that protects SCE against the risk of non-payment.

8. Interconnection Principles:

- 8.1 Certain metering and communications equipment required for SCE to obtain real-time telemetry from the CDWR Project will be located on property which is leased or owned by CDWR. CDWR shall grant, or cause to be granted, easements to SCE for the term of this Agreement, at no cost to SCE, providing for appropriate space and access rights for installation, operation, maintenance, replacement and removal of such metering and communications equipment. SCE and CDWR shall make all arrangements necessary to effectuate such easements.
- 8.2 CDWR shall execute the Reliability Management System Agreement in Exhibit C by and between Southern California Edison and State of California Department of Water Resources.
- 8.3 The maximum capacity of the Interconnection Facilities made available by SCE to CDWR for the purpose of the interconnection of the Alamo Power Plant to the ISO Controlled Grid under this Agreement shall be 17 MW. CDWR acknowledges that if CDWR wishes to increase the amount of Interconnection capacity provided pursuant to this Agreement, CDWR shall be required to submit a new application in accordance with the terms and conditions of the ISO Tariff.
- 8.4 CDWR shall provide SCE advance notice prior to making any changes (other than maintenance) to the generation, power transformation, or transmission facilities and equipment which comprise the Alamo Power Plant. CDWR shall notify SCE within a reasonable time prior to the date when any such changes are planned to be placed in service so that SCE and the ISO can evaluate any potential system impacts which may occur as a result of such changes and whether such changes will require a new application pursuant to the ISO Tariff. If CDWR fails to provide SCE advance notice of changes to the generation, power transformation, or transmission equipment and facilities comprising the Alamo Power Plant and any such change does or may cause material system impacts or is or may be materially inconsistent with the service provided pursuant

to this Agreement, SCE shall have the right to terminate this Agreement subject to FERC acceptance or approval.

9. Interconnected Operations:

- 9.1 SCE shall, at its own expense, operate and maintain the Interconnection Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice, as each may change from time to time.
- 9.2 CDWR shall, at its own expense, operate, and maintain the Alamo Facilities in accordance with the applicable ISO Tariff provisions and protocols, TO Tariff provisions, WECC and NERC reliability criteria established operating procedures and Good Utility Practice as they may change from time to time.
- 9.3 The operating power factor at the point of interconnection to the ISO Controlled Grid shall be at unity unless CDWR is otherwise notified by SCE or the ISO to maintain a specified voltage schedule while operating within the power factor range of 0.90 boost to 0.95 buck.
- 9.4 CDWR shall request and the ISO will apply a 0.337% line loss incorporated in the ISO meters until such time as SCE and the ISO require another form of line loss compensation to take effect.
- 9.5 The Alamo Power Plant shall be operated so as to prevent or protect against the following adverse conditions on SCE's electric system: inadvertent and unwanted re-energizing of a utility dead line or bus; interconnection while out of synchronization; overcurrent; voltage imbalance; ground faults; generated alternating current frequency outside permitted safe limits; poor power factor or reactive power outside permitted limits; and abnormal waveforms.
- 9.6 The Alamo Power Plant shall be operated with all of CDWR's protective apparatus in service whenever the Alamo Power Plant is connected to, or is operated in parallel with, SCE's electric system. Any deviation for brief periods of emergency or maintenance shall only be by agreement of the Authorized Representatives.
- 9.7 ~~CDWR shall cause the Alamo Power Plant to participate in ISO congestion management.~~ CDWR is aware that the Alamo Power Plant will compete with other market generation for available transmission capacity in accordance with ISO protocols.
- 9.8 CDWR shall maintain operating communications with SCE's designated switching center. The operating communications shall include, but not be limited to, system parallel operation or separation, scheduled and unscheduled outages, equipment clearances, protective relay operations, and levels of operating voltage and reactive power.
- 9.9 SCE shall not have any responsibility for protection of the Alamo Power Plant. CDWR shall be responsible for protecting the Alamo Power Plant in such a manner that faults or other disturbances on SCE's electric system do not cause damage to the Alamo Power Plant.
- 9.10 SCE may require CDWR, at CDWR's expense, to demonstrate to SCE's satisfaction the correct calibration and operation of CDWR's protective apparatus at any time SCE has reason to believe that said protective apparatus may impair SCE's electric system

integrity.

- 9.11 The Parties shall cooperate with one another in scheduling maintenance to the Interconnection Facilities or the Alamo Power Plant or in taking the Interconnection Facilities or the Alamo Power Plant out of service; provided that in an emergency, as determined by SCE, SCE may take the Interconnection Facilities out of service without notice to CDWR. The Parties shall use commercially reasonable efforts to avoid performing regularly scheduled maintenance during system peak conditions.
- 9.12 CDWR shall notify SCE by January 1, May 1, and September 1 of each year, of the estimated scheduled maintenance for the succeeding four months.
- 9.13 This Agreement governs only the Interconnection of the Alamo Power Plant to the ISO Controlled Grid pursuant to the TO Tariff and as described herein. CDWR shall be responsible for making all necessary operational arrangements with the ISO, including, without limitation, arrangements for obtaining transmission service from the ISO, and for scheduling delivery of energy and other services to the ISO Controlled Grid.
- 9.14 CDWR, or its designated agent, shall act as Scheduling Coordinator with respect to the transmission service provided pursuant to the TO Tariff in accordance with the provisions of the ISO Tariff and protocols. Accordingly, CDWR shall assume all responsibility for paying ISO charges associated with such Scheduling Coordinator services.

10. Metering:

- 10.1 The ISO meters shall be located on CDWR's side of the point of interconnection.
- 10.2 CDWR shall be responsible for the installation, maintenance and certification of ISO quality metering for the Alamo Power Plant in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.3 CDWR shall own all ISO metering infrastructure and be responsible for all costs of such infrastructure including, without limitation, testing and certification of ISO metering.
- 10.4 CDWR shall be responsible for obtaining ISO approval for the installation of ISO metering at the Alamo Power Plant prior to operation.
- 10.5 CDWR shall be responsible for any loss correction factor applicable to CDWR's metering in accordance with applicable ISO Tariff provisions and metering protocol.
- 10.6 Metering of CDWR generation and load shall be in accordance with applicable ISO Tariff provisions and metering protocol. The ISO meter shall be capable of measuring energy flow to and from the point of interconnection and shall satisfy the technical requirements for participation in the wholesale market and for taking retail service.
- 10.7 CDWR shall deliver to SCE real-time telemetry generator unit data, which shall include, for each generator unit plant, MW, MVAR, generator status, generator circuit breaker status and generator output voltage.

10.7.1 CDWR shall provide to SCE all available requested data from CDWR plant via an Intercontrol Center Communication Protocol (ICCP) connection to SCE over the Energy Communication Network (ECN). These data will include digital status (breaker status, unit on/off status, etc), analog quantities (megawatts, megavars,

kilovolts per unit and plant tie values), and accumulated energy (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO Siemens meters located at each tie and transferred on a five minute interval. It shall be the responsibility of SCE to propagate data to the appropriate SCE users.

11. Charges:

CDWR shall pay to SCE a charge of \$2,956 per month for Interconnection service provided under this Agreement.

12. Billing and Payment:

12.1 Billing Procedure:

Commencing on January 1, 2005, SCE shall render monthly bills to CDWR for the charge specified in Section ~~40.11~~. CDWR shall pay such bills by the 20th calendar day after receipt thereof. All payments shall be made in immediately available funds payable to SCE, or by wire transfer to a bank named by SCE.

12.2 Interest on Unpaid Balances:

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SCE.

12.3 Default

In the event that CDWR fails for any reason to make payment to SCE on or before the due date as provided above, and such failure of payment is not corrected within thirty (30) calendar days after SCE notifies CDWR to cure such failure, a default by CDWR shall be deemed to exist. Upon the occurrence of a default, SCE shall have the right to terminate this Agreement, subject to FERC acceptance or approval.

12.4 Billing Dispute

In the event CDWR desires to dispute all or any part of any bill submitted by SCE, CDWR shall nevertheless pay the full amount of the bill when due and give written notification to SCE's Authorized Representative within one hundred eighty (180) calendar days from the date of the billing stating the grounds for the dispute and the amount in dispute. CDWR shall not be entitled to an adjustment on any bill not brought to the attention of SCE within the time and in the manner herein specified. For any payments to CDWR resulting from dispute resolutions, interest calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. Section 35.19a(a)(2)(iii) shall be added to the amount of any overpayment, and the entire amount refunded to CDWR.

13. Addresses for Billing and Payment:

13.1 All payments to be made by CDWR to SCE shall be sent to:

Southern California Edison Company
Accounts Receivable
Box 600
Rosemead, California 91770-0600

SCE may, at any time, by written notice to CDWR pursuant to Section ~~23~~22 change the address to which payments will be sent.

13.2 All billings to be presented by SCE to CDWR shall be sent to:

State of California
Department of Water Resources
~~P.O. Box 388~~
~~Sacramento, CA 95802~~
~~Attn: Chief Energy Division~~

State Water Project Division of Operations
Contracts Administration and Reporting
3310 El Camino Avenue, Room 330
Sacramento, CA 95821-6340

CDWR may, at any time, by written notice to SCE pursuant to Section ~~23~~22 change the address to which billings will be sent.

14. Disputes:

With the exception of disputes referenced in Section ~~14~~12.4 and except as otherwise limited by law, the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall apply to all disputes between CDWR and SCE which arise under this Agreement; provided, however, that the ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not be used to determine whether rates and charges set forth in this Agreement are just and reasonable under the Federal Power Act. Any breach of Sections 32 through 42 of this Agreement shall not be considered a material breach of the Agreement and shall not excuse non-performance by CDWR of its obligations under this Agreement.

15. Audits:

~~Each Party shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after each payment is made under this Agreement.~~

15. Authorized Representatives:

- ~~16.15.1~~ In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- 15.2 The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- 15.3 The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- 15.4 Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 22.
- ~~16.1~~ In order to provide for the exchange of information and preparation of any necessary operating procedures or revisions to operating procedures regarding the activities required under this Agreement, each Party shall, within 30 calendar days following the effective date of this Agreement, appoint an Authorized Representative and shall designate such Authorized Representative by written notice to the other Party.
- ~~16.2~~ The Authorized Representatives are authorized to act on behalf of the Party they represent in the implementation of this Agreement. Any action taken or determination made by the Authorized Representatives in the implementation of this Agreement will be in writing.
- ~~16.3~~ The Authorized Representatives shall have no authority or power to modify, add, waive or eliminate any terms or conditions of this Agreement.
- ~~16.4~~ Either Party may at any time change the designation of its Authorized Representative by written notice to the other Party pursuant to Section 21.

16. Regulatory Authority:

17. Regulatory Authority:

- 16.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.
- 16.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating

- thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.
- 16.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.
- ~~17.1 No later than thirty (30) days following the execution of this Agreement, SCE shall tender this Agreement for filing with FERC with a request that it be made effective upon acceptance without suspension, and CDWR shall support SCE in obtaining all necessary authorizations and approvals for this Agreement.~~
- ~~17.2 Nothing contained herein shall be construed as affecting in any way: (i) the right of SCE to unilaterally make application to the FERC for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Rules and Regulations promulgated by FERC thereunder; (ii) the right of CDWR to oppose such changes under Section 205 of the Federal Power Act; (iii) the right of CDWR to file a complaint requesting a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto, or rate methodology or design relating to services provided hereunder, under Section 206 of the Federal Power Act and pursuant to the rules and regulations promulgated by the FERC thereunder; or (iv) the right of SCE to oppose such complaint by CDWR under Section 206 of the Federal Power Act. Any change shall become effective pursuant to Section 205 of the Federal Power Act.~~
- ~~17.3 CDWR shall reimburse SCE for all fees and charges imposed on SCE by the FERC attributable to the service provided under this Agreement, or any amendments thereto.~~

18. No Dedication of Facilities:

Any undertaking by one Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking by a Party shall cease upon the termination of its obligations hereunder.

19.18. No Third Party Rights:

Unless otherwise specifically provided in this Agreement, the Parties do not intend to create rights in or grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation, or undertaking established hereunder.

20.19. Relationship of Parties:

The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

21.20. Waivers:

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or other matter arising in connection therewith. Any delay, short of any statutory period of limitation, in asserting or enforcing any right, shall not be deemed a waiver of such right.

22.21. Governing Law:

Except as otherwise provided by federal law, this Agreement shall be governed by and shall be interpreted in accordance with the laws of the state of California.

~~Except as otherwise provided by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the state of California.~~

23.22. Notices:

Any notice, demand, or request provided in this Agreement, or served, given, or made in connection with it, will be in writing and deemed properly served, given, or made if delivered in person, transmitted by facsimile (followed by written confirmation) or sent by United States mail, postage prepaid, to the persons specified herein unless otherwise provided in this Agreement:

Southern California Edison Company
Director of Grid Contracts
P.O. Box 800
Rosemead, California 91770
Tel: (626) 302-1771
Fax: (626) 302-9292

State of California
Department of Water Resources
~~P.O. Box 942836~~
~~Sacramento, CA 94236-0001~~
Attn: Executive Manager, Power Systems
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 95821-6340
Attn: Chief, Power Planning and Contracts

Either Party may at any time, by notice to the other Party, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

24.23. Severability:

In the event that any term, provision, covenant, or condition of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance by any court, arbitration, or regulatory authority having jurisdiction, the invalidity of such term, covenant or condition shall not affect the validity of any other term, provision, condition or covenant and such term, provision, covenant or condition shall remain in force and effect as applied to this Agreement to the maximum extent permitted by law. The Parties hereto further agree to negotiate in good faith to establish new and valid terms, conditions and covenants to replace any found invalid so as to place each Party as nearly as possible in the position contemplated by this Agreement.

25.24. Entire Agreement:

This Agreement constitutes the complete and final expression of the agreement between the Parties and is intended as a complete and exclusive statement of the terms of their agreement which supersedes all prior and contemporaneous offers, promises, representations, negotiations, discussions, communications, and other agreements which may have been made in connection with the subject matter of this Agreement.

26.25. Ambiguities:

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against any Party, but will be construed in the manner that most accurately reflects the Parties' intent as of the date they executed this Agreement.

27.26. Assignment:

- 26.1 Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.
- 26.2 Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.
- 27.1—~~Any assignment by a Party of its interest in this Agreement which is made without the written consent of the other Party shall not relieve such assigning Party from primary liability for any of its duties and obligations under this Agreement, and in the event of any such assignment, the assigning Party shall continue to remain primarily liable for payment of any and all money due the other Party as provided under this Agreement, and for the performance and observance of all other covenants, duties, and obligations to be performed and observed under this Agreement by the assigning Party to the same extent as though no assignment has been made.~~ Approval:
- 27.2 ~~Whenever an assignment of a Party's interest in this Agreement is made with the written consent of the other Party, the assigning Party's assignee shall expressly assume in writing the duties and obligations hereunder of the assigning Party and, within 30 calendar days after any such assignment and assumption of duties and obligations, the assigning Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment and assumption of duties and obligations.~~

28. Child Support Compliance Act

This Agreement is subject to the jurisdiction of the Federal Energy Regulatory Commission and has been accepted for filing and made conditionally effective pursuant to the Federal Power Act. This Agreement is subject to the approval of Department of General Services (DGS), if required. In the event DGS does not approve the contract, CDWR shall be entitled to terminate pursuant to Section 5 of the Agreement. The Parties acknowledge that each of them is already performing under the Agreement, and both Parties agree that any obligations that accrued prior to or as a result of termination of this Agreement will survive termination.

28.1—~~SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.~~ Amendment:

~~28.2—SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.~~

~~29. Americans With Disabilities Act~~

Amendments to the Agreements are governed by Section 16 of the Agreement. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

~~SCE assures CDWR that it complies with the Americans With Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.~~

29. Audit:

~~30. Drug-Free Workplace Certification~~

SCE agrees that the awarding department, the DGS, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. SCE agrees to maintain such records for possible audit for a minimum of two (2) years after final payment, unless a longer period of records retention is stipulated. SCE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

~~The Parties certify to provide a drug-free workplace for each Party's respective employees. The Parties shall accomplish this by the following:~~

~~30.1—Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against them for violations.~~ **Independent Contractor:**

31. Worker's Compensation LiabilitySCE, and the agents and employees of SCE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

~~Each Party affirms it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers compensation, or to undertake self insurance in accordance with the provisions of such Code. Each Party affirms it shall comply with such provisions prior to the execution of this Agreement.~~

32. National Labor Relations Board

31. Timeliness:

~~In accordance with Public Contract Code Section 10296, each Party declares that no more than one final, unappealable finding of contempt of court by a Federal court has been issued against it within the immediately preceding two-year period because of its failure to comply with an order of a Federal court which ordered it to comply with an order of the National Labor Relations Board.~~

Time is of the essence in this Agreement.

33. Signature Clause:

32. Recycling Certification:

If requested by CDWR, SCE shall certify in writing, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. SCE may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

33. Non-Discrimination Clause:

During the performance of this Agreement, SCE and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. SCE and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. SCE and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. SCE and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

SCE shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

34. Union Activities:

For all contracts, except fixed price contracts of \$50,000 or less, SCE acknowledges that:

By signing this Agreement SCE hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to the extent not preempted by federal law. Moreover, SCE agrees to a) through d) below, to the extent that they are required by applicable Government Code sections that are not preempted by federal law. :

- a) SCE will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
- b) No state funds received under this agreement will be used to assist, promote or deter union organizing.
- c) SCE will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
- d) If SCE incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that SCE shall provide those records to the Attorney General upon request.

35. Statement of Compliance:

SCE has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

36. Drug-Free Workplace Requirements:

SCE will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.

37. National Labor Relations Board Certification:

SCE certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against SCE within the immediately preceding two-year period

because of SCE's failure to comply with an order of a Federal court, which orders SCE to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

38. Expatriate Corporations:

SCE hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

39. Doing Business With the State of California:

The following laws apply to persons or entities doing business with the State of California.

39.1 CONFLICT OF INTEREST: SCE needs to be aware of the following provisions regarding current or former state employees. If SCE has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

39.2 LABOR CODE/WORKERS' COMPENSATION: SCE needs to be aware of the provisions which require every employer to be insured against liability for Worker's

Compensation or to undertake self-insurance in accordance with the provisions, and SCE affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

39.3 AMERICANS WITH DISABILITIES ACT: SCE assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

39.4 CONTRACTOR NAME CHANGE: An amendment is required to change the SCE's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment.

40. Corporate Qualifications To Do Business in California:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

41. Resolution:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

42. Child Support Compliance Act

- 42.1 SCE recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code.
- 42.2 SCE, to the best of its knowledge, is fully complying with the earnings orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

43. Signature Clause:

The signatories hereto represent that they are authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of the ____ day of _____, ~~2004~~2005.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Name: Tom Glover
Title: Deputy Director

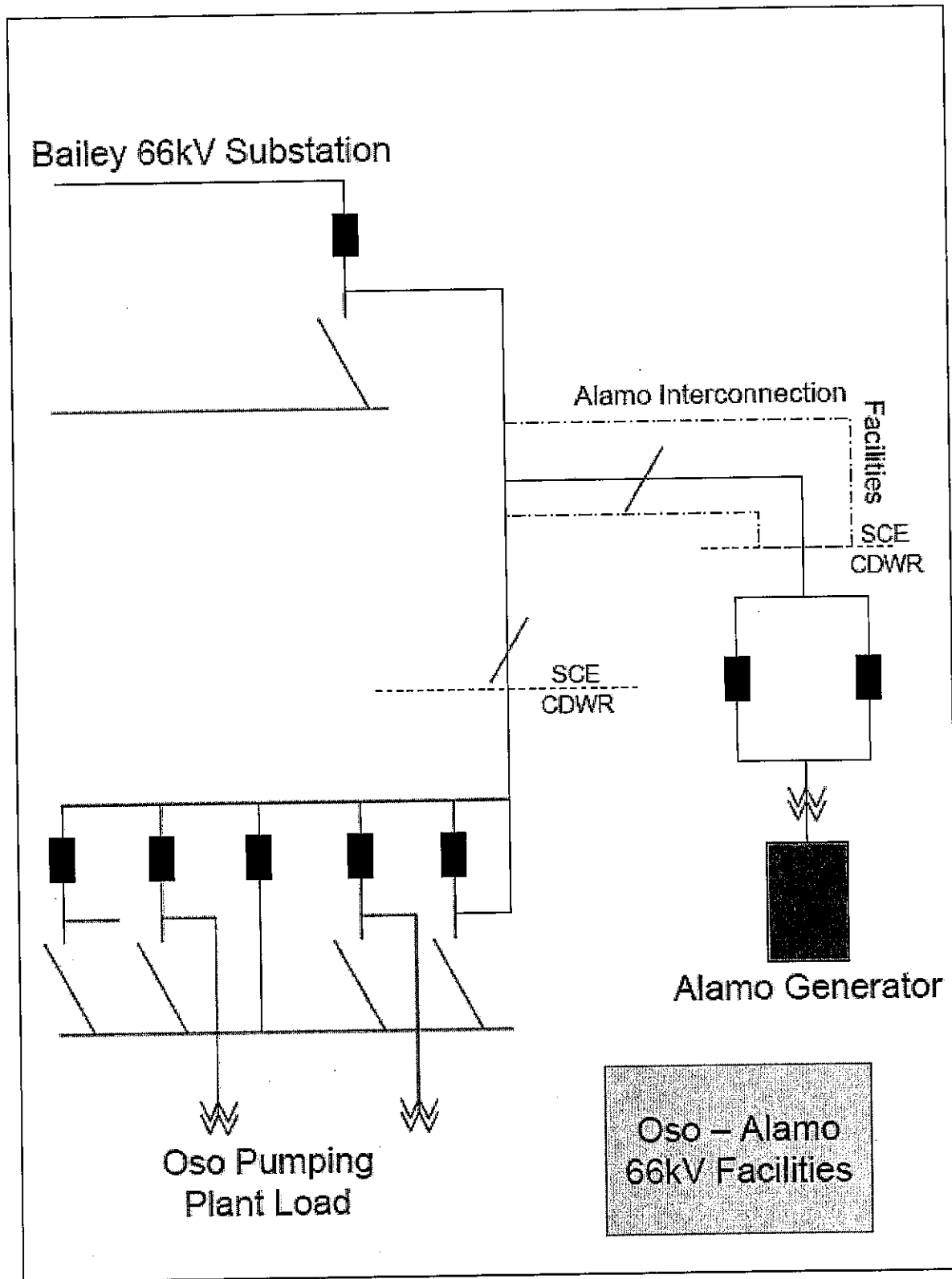
Exhibit A

Interconnection Facilities Description

Line Facilities

Approximately 2.94 miles of 66 kV line between SCE's ~~220~~66 kV Bailey-Oso ~~Transmission Line~~
transmission line and CDWR's ~~tap line facilities~~ in the vicinity of Alamo Generation Plant.

Exhibit B



ATTACHMENT F

**Devil Canyon Service Agreement for Wholesale
Distribution Service, Service Agreement No. 126,
under FERC Electric Tariff, First Revised Volume
No. 5**

(Clean Version)

ATTACHMENT A

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

1. This Service Agreement, dated as of the date executed by the Distribution Customer, is entered into, by and between Southern California Edison Company ("Distribution Provider"), and State of California, Department of Water Resources ("Distribution Customer").

2. The Distribution Customer has been determined by the Distribution Provider to have a Completed Application for Distribution Service under the Tariff.

3. The Distribution Customer has provided to the Distribution Provider an Application deposit in the amount of \$ waived, in accordance with the provisions of Section 15.2 of the Tariff.

4. Service under this Service Agreement shall commence on the later of (1) January 1, 2005, or (2) the date on which construction of any Direct Assignment Facilities and/or Distribution System Upgrades specified in Sections 7.0 and 8.0 of the attached Specifications For Wholesale Distribution Service are completed and all additional requirements are met pursuant to Section 13.5 of the Tariff, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on the earliest of (1) 30 years from the commencement date of Distribution Service under this Service Agreement, or (2) Distribution Provider may terminate service under this Service Agreement, subject to FERC acceptance, if: (i) the Devil Canyon Project is removed from service; or (ii) Distribution

1 Customer does not utilize the Distribution Service provided under this Service Agreement for a
2 period of two consecutive years or more following the commencement date of Distribution
3 Service under this Service Agreement (except for any period when Distribution Customer does
4 not utilize the Distribution Service due to the occurrence of an Uncontrollable Force or default of
5 Distribution Provider under this Service Agreement), or (iii) at Distribution Provider's option,
6 upon failure by Distribution Customer to provide Distribution Provider advance notice prior to
7 making any changes (other than maintenance which is addressed in Attachment C, Section 2.2.4
8 of the Tariff) to the generation or power transformation facilities and equipment which comprise
9 the Distribution Customer's Devil Canyon. Distribution Customer shall notify Distribution
10 Provider within a reasonable time prior to the date when such changes are planned to be placed
11 in service so that the Distribution Provider can evaluate any potential system impacts which may
12 occur as a result of such changes and whether such changes will require a new Application under
13 the Tariff. If Distribution Customer fails to provide Distribution Provider advance notice of
14 changes to the generation or power transformation equipment and facilities which comprise the
15 Distribution Customer's Devil Canyon and any such change does or may cause material system
16 impacts or is or may be materially inconsistent with the service provided pursuant to this Service
17 Agreement, Distribution Provider shall have the right to terminate this Service Agreement
18 subject to FERC acceptance or approval.

19 5. The Distribution Provider agrees to provide and the Distribution Customer agrees to take
20 and pay for Distribution Service in accordance with the provisions of the Tariff and this Service
21 Agreement.

22 6. Any notice or request made to or by either Party regarding this Service Agreement shall
23 be made to the representative of the other Party as indicated below.

Distribution Provider:

Southern California Edison Company

Director of Grid Contracts

P. O. Box 800

2244 Walnut Grove Avenue

Rosemead, California 91770

Telefax No. (818) 302-9292

Telephone No. (818) 302-1771

Distribution Customer:

State of California

Department of Water Resources

State Water Project Division of Operations

Power Planning and Contracts -

3310 El Camino Ave. LL-90

Sacramento, CA 95821-6340

Attn: Chief, Power Planning and Contracts

Telefax No.: (916) 574-0669

Telephone No.: (916) 574-0620

7. The Tariff and attached Specifications For Wholesale Distribution Service are
incorporated herein and made a part hereof.

1 IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by
2 their respective authorized officials.

3
4 Distribution Provider:

5
6
7 By: _____ Vice President _____

8 Name

Title

Date

9
10
11 Distribution Customer:

12
13
14 By: _____

15 Name

Title

Date

SPECIFICATIONS FOR WHOLESALE DISTRIBUTION SERVICE

1. Term of Transaction: See Section 4 of the Service Agreement
Service Commencement Date: See Section 4 of the Service Agreement
Termination Date: See Section 4 of the Service Agreement
2. For a Resource connected to the Distribution Provider's Distribution System, a description of capacity and energy to be transmitted by Distribution Provider and a five year forecast of monthly Generation: Distribution Customer's generating facility Devil Canyon consists of a four-unit hydroelectric recovery plant and appurtenant equipment as specified in Distribution Customer's Application dated February 27, 2004. Capacity shall be as specified in Section 6 below. Distribution Customer shall provide Distribution Provider a five-year forecast of monthly Generation.
3. Point of Receipt: CDWR's 115 kV bus at Devil Canyon
Point of Delivery: The ISO Grid at Distribution Provider's Vista Substation.
Receiving Party: The California Independent System Operator Corporation.
4. Description of Wholesale Distribution Load at the Point of Delivery (including a five year forecast of monthly load requirements): Not Applicable
5. Interruptible Load amount (summer and winter), location and conditions/limitations (five year forecast): Not Applicable
6. For Resources, the maximum amount of capacity and energy to be transmitted. For Wholesale Distribution Load, the estimated peak load for informational purposes only: 235 MW.
Distribution Customer acknowledges that if Distribution Customer wishes to increase the amount

1 of Interconnection capacity provided pursuant to this Agreement, Distribution Customer shall be
2 required to submit a new application in accordance with the terms and conditions of the WDAT.
3 Distribution Customer is aware that the Devil Canyon Project will compete with other market
4 generation for available transmission capacity in accordance with ISO protocols.
5 Distribution Customer shall provide Distribution Provider advance notice prior to making any
6 changes (other than maintenance) to the generation, power transformation, or transmission
7 facilities and equipment which comprise the Devil Canyon Project. Distribution Customer shall
8 notify Distribution Provider within a reasonable time prior to the date when any such changes are
9 planned to be placed in service so that Distribution Provider and the ISO can evaluate any
10 potential system impacts which may occur as a result of such changes and whether such changes
11 will require a new application pursuant to the ISO Tariff. The ISO metering facilities shall be,
12 notwithstanding Attachment C Section 1 of the Tariff, owned by the Distribution Customer and
13 located on the Distribution Customer's side of the Point of Receipt. Distribution Customer shall
14 be responsible for the installation, maintenance, testing and certification of the ISO metering
15 facilities in accordance with applicable ISO Tariff provisions and Metering Protocol.
16 Distribution Customer shall be responsible for all costs associated with the testing and
17 certification of ISO metering facilities.
18 Distribution Customer, or its designated agent, shall act as Scheduling Coordinator with respect
19 to the transmission service provided pursuant to the TO Tariff in accordance with the provisions
20 of the ISO Tariff and protocols. Accordingly, Distribution Customer shall assume all
21 responsibility for paying ISO charges associated with such Scheduling Coordinator services.
22 Distribution Customer shall provide Distribution Provider real-time telemetry data, which shall

1 include generator MW, generator MVAR, generator status, generator circuit breaker status and
2 generator output voltage.

3 Distribution Customer shall provide to Distribution Provider all available requested data from
4 Distribution Customer plant via an Intercontrol Center Communication Protocol (ICCP)
5 connection to Distribution Provider over the Energy Communication Network (ECN). These
6 data will include digital status (breaker status, unit on/off status, etc), analog quantities
7 (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy
8 (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO
9 Siemens meters located at each tie and transferred on a five minute interval. It shall be the
10 responsibility of Distribution Provider to propagate data to the appropriate Distribution Provider
11 users. Distribution Customer shall execute the Reliability Management System Agreement by
12 and between Southern California Edison and State of California Department of Water Resources.

13 7. Direct Assignment Facilities: Not Applicable

14 8. Distribution System Upgrades required prior to the commencement of service: None

15 9. Real Power Loss Factors: 1.12% Credit

16 10. Power Factor: The Distribution Customer is required to maintain its power factor within
17 a range of 0.95 lagging to 0.95 leading (or, if so specified in the Service Agreement, a greater
18 range), pursuant to Good Utility Practice. This provision recognizes that a Distribution
19 Customer may provide reactive power support in accordance with Section 12.10 (Self Provision
20 of Ancillary Services), of this Tariff. The operating power factor at the point of receipt shall be
21 at unity unless Distribution Customer is otherwise notified by the Distribution Provider to
22 maintain a specified voltage schedule while operating within the power factor range as specified
23 above.

- 1 11. Distribution Service under this Agreement will be subject to the charges detailed below.
- 2 11.1 Customer Charge: \$0
- 3 11.2 Demand Charge: None, pursuant to Section 21.2.2 of the Tariff.
- 4 11.3 Facilities Charge: None
- 5 11.4 System Impact and/or Facilities Study Charge(s): None
- 6 12. Letter of credit or alternative form of security to be provided and maintained by
- 7 Distribution Customer pursuant to Sections 8 and 16.4 of the Tariff: Waived

**Devil Canyon Service Agreement for Wholesale
Distribution Service, Service Agreement No. 126,
under FERC Electric Tariff, First Revised Volume
No. 5**

(Redlined Version)

ATTACHMENT A

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

1. This Service Agreement, dated as of the date executed by the Distribution Customer, is entered into, by and between Southern California Edison Company ("Distribution Provider"), and State of California, Department of Water Resources ("Distribution Customer").

2. The Distribution Customer has been determined by the Distribution Provider to have a Completed Application for Distribution Service under the Tariff.

3. The Distribution Customer has provided to the Distribution Provider an Application deposit in the amount of \$ waived, in accordance with the provisions of Section 15.2 of the Tariff.

4. Service under this Service Agreement shall commence on the later of (1) January 1, 2005, or (2) the date on which construction of any Direct Assignment Facilities and/or Distribution System Upgrades specified in Sections 7.0 and 8.0 of the attached Specifications For Wholesale Distribution Service are completed and all additional requirements are met pursuant to Section 13.5 of the Tariff, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on the earliest of (1) 30 years from the commencement date of Distribution Service under this Service Agreement, or (2) Distribution Provider may terminate service under this Service Agreement, subject to FERC acceptance, if: (i) the Devil Canyon Project is removed from service; or (ii) Distribution

1 Customer does not utilize the Distribution Service provided under this Service Agreement for a
2 period of two consecutive years or more following the commencement date of Distribution
3 Service under this Service Agreement (except for any period when Distribution Customer does
4 not utilize the Distribution Service due to the occurrence of an Uncontrollable Force or default of
5 Distribution Provider under this Service Agreement), or (iii) at Distribution Provider's option,
6 upon failure by Distribution Customer to provide Distribution Provider advance notice prior to
7 making any changes (other than maintenance which is addressed in Attachment C, Section 2.2.4
8 of the Tariff) to the generation or power transformation facilities and equipment which comprise
9 the Distribution Customer's Devil Canyon. Distribution Customer shall notify Distribution
10 Provider within a reasonable time prior to the date when such changes are planned to be placed
11 in service so that the Distribution Provider can evaluate any potential system impacts which may
12 occur as a result of such changes and whether such changes will require a new Application under
13 the Tariff. If Distribution Customer fails to provide Distribution Provider advance notice of
14 changes to the generation or power transformation equipment and facilities which comprise the
15 Distribution Customer's Devil Canyon and any such change does or may cause material system
16 impacts or is or may be materially inconsistent with the service provided pursuant to this Service
17 Agreement, Distribution Provider shall have the right to terminate this Service Agreement
18 subject to FERC acceptance or approval.

19 5. The Distribution Provider agrees to provide and the Distribution Customer agrees to take
20 and pay for Distribution Service in accordance with the provisions of the Tariff and this Service
21 Agreement.

22 6. Any notice or request made to or by either Party regarding this Service Agreement shall
23 be made to the representative of the other Party as indicated below.

Distribution Provider:

Southern California Edison Company

Director of Grid Contracts

P. O. Box 800

2244 Walnut Grove Avenue

Rosemead, California 91770

Telefax No. (818) 302-9292

Telephone No. (818) 302-1771

Distribution Customer:

State of California

California Department of Water Resources

State Water Project Analysis Office Division of Operations

Power Planning and Contracts

3310 El Camino Ave. LL-90

Sacramento, CA 95821-6340

Attn: Chief, Power Planning and Contracts

Telefax No.: (916) 574-0669

Telephone No.: (916) 574-06120620

7. The Tariff and attached Specifications For Wholesale Distribution Service are
incorporated herein and made a part hereof.

1 IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by
2 their respective authorized officials.

3
4 Distribution Provider:

5
6
7 By: _____ Vice President _____

8 Name

Title

Date

9
10
11 Distribution Customer:

12
13
14 By: _____

15 Name

Title

Date

SPECIFICATIONS FOR WHOLESALE DISTRIBUTION SERVICE

1. Term of Transaction: See Section 4 of the Service Agreement
Service Commencement Date: See Section 4 of the Service Agreement
Termination Date: See Section 4 of the Service Agreement
2. For a Resource connected to the Distribution Provider's Distribution System, a description of capacity and energy to be transmitted by Distribution Provider and a five year forecast of monthly Generation: Distribution Customer's generating facility Devil Canyon consists of a four-unit hydroelectric recovery plant and appurtenant equipment as specified in Distribution Customer's Application dated February 27, 2004. Capacity shall be as specified in Section 6 below. Distribution Customer shall provide Distribution Provider a five-year forecast of monthly Generation.
3. Point of Receipt: CDWR's 115 kV bus at Devil Canyon
Point of Delivery: The ISO Grid at Distribution Provider's Vista Substation.
Receiving Party: The California Independent System Operator Corporation.
4. Description of Wholesale Distribution Load at the Point of Delivery (including a five year forecast of monthly load requirements): Not Applicable
5. Interruptible Load amount (summer and winter), location and conditions/limitations (five year forecast): Not Applicable
6. For Resources, the maximum amount of capacity and energy to be transmitted. For Wholesale Distribution Load, the estimated peak load for informational purposes only: 235 MW.
CDWR Distribution Customer acknowledges that if CDWR Distribution Customer wishes to

1 increase the amount of Interconnection capacity provided pursuant to this Agreement.
2 CDWR Distribution Customer shall be required to submit a new application in accordance with
3 the terms and conditions of the WDAT. Distribution Customer is aware that the Devil Canyon
4 Project will compete with other market generation for available transmission capacity in
5 accordance with ISO protocols.
6 CDWR Distribution Customer shall provide ~~SCE~~ Distribution Provider advance notice prior to
7 making any changes (other than maintenance) to the generation, power transformation, or
8 transmission facilities and equipment which comprise the Devil Canyon Project.
9 CDWR Distribution Customer shall notify ~~SCE~~ Distribution Provider within a reasonable time
10 prior to the date when any such changes are planned to be placed in service so that ~~SCE~~
11 Distribution Provider and the ISO can evaluate any potential system impacts which may occur as
12 a result of such changes and whether such changes will require a new application pursuant to the
13 ISO Tariff. The ISO metering facilities shall be, notwithstanding Attachment C Section 1 of the
14 Tariff, owned by the Distribution Customer and located on the Distribution Customer's side of
15 the Point of Receipt. Distribution Customer shall be responsible for the installation,
16 maintenance, testing and certification of the ISO metering facilities in accordance with
17 applicable ISO Tariff provisions and Metering Protocol. Distribution Customer shall be
18 responsible for all costs associated with the testing and certification of ISO metering facilities.
19 CDWR Distribution Customer, or its designated agent, shall act as Scheduling Coordinator with
20 respect to the transmission service provided pursuant to the TO Tariff in accordance with the
21 provisions of the ISO Tariff and protocols. Accordingly, CDWR Distribution Customer shall
22 assume all responsibility for paying ISO charges associated with such Scheduling Coordinator
23 services. Distribution Customer shall provide Distribution Provider real-time telemetry data,

1 which shall include generator MW, generator MVAR, generator status, generator circuit breaker
2 status and generator output voltage.

3 Distribution Customer shall provide to Distribution Provider all available requested data from
4 Distribution Customer plant via an Intercontrol Center Communication Protocol (ICCP)
5 connection to Distribution Provider over the Energy Communication Network (ECN). These
6 data will include digital status (breaker status, unit on/off status, etc), analog quantities
7 (megawatts, megavars, kilovolts per unit and plant tie values), and accumulated energy
8 (Megawatt-hours, megavars). Accumulated energy will be received from the certified CAISO
9 Siemens meters located at each tie and transferred on a five minute interval. It shall be the
10 responsibility of Distribution Provider to propagate data to the appropriate Distribution Provider
11 users. Distribution Customer shall execute the Reliability Management System Agreement by
12 and between Southern California Edison and State of California Department of Water Resources.

13 7. Direct Assignment Facilities: Not Applicable

14 8. Distribution System Upgrades required prior to the commencement of service: None

15 9. Real Power Loss Factors: 1.12% Credit

16 10. Power Factor: The Distribution Customer is required to maintain its power factor within
17 a range of 0.95 lagging to 0.95 leading (or, if so specified in the Service Agreement, a greater
18 range), pursuant to Good Utility Practice. This provision recognizes that a Distribution
19 Customer may provide reactive power support in accordance with Section 12.10 (Self Provision
20 of Ancillary Services), of this Tariff. The operating power factor at the point of receipt shall be
21 at unity unless Distribution Customer is otherwise notified by the Distribution Provider to
22 maintain a specified voltage schedule while operating within the power factor range as specified
23 above.

- 1 11. Distribution Service under this Agreement will be subject to the charges detailed below.
- 2 11.1 Customer Charge: \$0
- 3 11.2 Demand Charge: None, pursuant to Section 21.2.2 of the Tariff.
- 4 11.3 Facilities Charge: None
- 5 11.4 System Impact and/or Facilities Study Charge(s): None
- 6 12. Letter of credit or alternative form of security to be provided and maintained by
- 7 Distribution Customer pursuant to Sections 8 and 16.4 of the Tariff: Waived

ATTACHMENT G

PRO FORMA RELIABILITY MANAGEMENT SYSTEM AGREEMENT

RELIABILITY MANAGEMENT SYSTEM AGREEMENT

by and between

Southern California Edison

and

**State of California
Department of Water Resources**

THIS RELIABILITY MANAGEMENT SYSTEM AGREEMENT

(the "Agreement"), is entered into this ____ day of _____, 2005, by and between Southern California Edison (the "Transmission Operator") and the State of California, Department of Water Resources (the "Generator").

WHEREAS, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WECC in a restructured and competitive electric utility industry;

WHEREAS, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

WHEREAS, the members of the WECC, including the Transmission Operator, have determined that a contractual Reliability Management System provides a reasonable; currently available means of maintaining such reliability.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transmission Operator and the Generator agree as follows:

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to maintain the reliable operation of the Western Interconnection through the Generator's commitment to comply with certain reliability standards.

2. DEFINITIONS

In addition to terms defined in the beginning of this Agreement and in the Recitals hereto, for purposes of this Agreement the following terms shall have the meanings set forth beside them below.

Control Area means an electric system or Electricity, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

FERC means the Federal Energy Regulatory Commission or a successor agency.

Member means any party to the WECC Agreement.

Party means either the Generator or the Transmission Operator and
Parties means both of the Generator and the Transmission Operator.

Reliability Management System or RMS means the contractual reliability management program implemented through the WECC Reliability Criteria Agreement, the WECC RMS Agreement, this Agreement, and any similar contractual arrangement.

Western Interconnection means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WECC operate synchronously connected transmission Electricity.

Working Day means Monday through Friday except for recognized legal holidays in the state in which any notice is received pursuant to Section 8.

WECC means the Western Electricity Coordinating Council or a successor entity.

WECC Agreement means the Western Electricity Coordinating Council

Agreement dated March 20, 1967, as such may be amended from time to time.

WECC Reliability Criteria Agreement means the Western Electricity Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WECC and certain of its member transmission operators, as such may be amended from time to time.

WECC RMS Agreement means an agreement between the WECC and the Transmission Operator requiring the Transmission Operator to comply with the reliability criteria contained in the WECC Reliability Criteria Agreement.

WECC Staff means those employees of the WECC, including personnel hired by the WECC on a contract basis, designated as responsible for the administration of the RMS.

3. TERM AND TERMINATION

- 3.1 Term.** This Agreement shall become effective thirty (30) days after the date of issuance of a final FERC order accepting this Agreement for filing without requiring any changes to this Agreement unacceptable to either Party. Required changes to this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Party within fifteen (15) days of issuance of the applicable FERC order that such order is unacceptable.
- 3.2 Notice of Termination of WECC RMS Agreement.** The Transmission Operator shall give the Generator notice of any notice of termination of the WECC RMS Agreement by the WECC or by the Transmission Operator within fifteen (15) days of receipt by the WECC or the Transmission Operator of such notice of termination.
- 3.3 Termination by the Generator.** The Generator may terminate this Agreement as follows:
- (a) following the termination of the WECC RMS Agreement for any reason by the WECC or by the Transmission Operator, provided such notice is provided within forty-five (45) days of the termination of the WECC RMS Agreement;
 - (b) following the effective date of an amendment to the requirements of the WECC Reliability Criteria Agreement that adversely affects the Generator, provided notice of such termination is given within forty-

five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Generator for an additional forty-five (45) days if the Generator gives written notice to the Transmission Operator of such requested extension within the initial forty-five (45) day period; or

- (c) for any reason on one year's written notice to the Transmission Operator and the WECC.

- 3.4 Termination by the Transmission Operator.** The Transmission Operator may terminate this Agreement on thirty (30) days' written notice following the termination of the WECC RMS Agreement for any reason by the WECC or by the Transmission Operator, provided such notice is provided within thirty (30) days of the termination of the WECC RMS Agreement.
- 3.5 Mutual Agreement.** This Agreement may be terminated at any time by the mutual agreement of the Transmission Operator and the Generator.

4. COMPLIANCE WITH AND AMENDMENT OF WECC RELIABILITY CRITERIA

- 4.1 Compliance with Reliability Criteria.** The Generator agrees to comply with the requirements of the WECC Reliability Criteria Agreement, including the applicable WECC reliability criteria contained in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Each and all of the provisions of the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein, and the Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WECC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WECC Reliability Criteria Agreement.
- 4.2 Modifications to WECC Reliability Criteria Agreement.** The Transmission Operator shall notify the Generator within fifteen (15) days of the receipt of notice from the WECC of the initiation of any WECC process to modify the WECC Reliability Criteria Agreement. The WECC RMS Agreement specifies that such process shall comply with the procedures, rules, and regulations then applicable to the WECC for modifications to reliability criteria.

- 4.3 Notice of Modifications to WECC Reliability Criteria Agreement.** If, following the process specified in Section 4.2, any modification to the WECC Reliability Criteria Agreement is to take effect, the Transmission Operator shall provide notice to the Generator at least forty-five (45) days before such modification is scheduled to take effect.
- 4.4 Effective Date.** Any modification to the WECC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.
- 4.5 Transfer of Control or Sale of Generation Facilities.** In any sale or transfer of control of any generation facilities subject to this Agreement, the Generator shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Generator with respect to this Agreement or to enter into an agreement with the Control Area Operator in substantially the form of this Agreement.

5. SANCTIONS

- 5.1 Payment of Monetary Sanctions.** The Generator shall be responsible for payment directly to the WECC of any monetary sanction assessed against the Generator pursuant to this Agreement and the WECC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WECC Reliability Criteria Agreement.
- 5.2 Publication.** The Generator consents to the release by the WECC of information related to the Generator's compliance with this Agreement only in accordance with the WECC Reliability Criteria Agreement.
- 5.3 Reserved Rights.** Nothing in the RMS or the WECC Reliability Criteria Agreement shall affect the right of the Transmission Operator, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the Transmission Operator may otherwise be entitled to take.

6. THIRD PARTIES

Except for the rights and obligations between the WECC and Generator specified in Sections 4 and 5, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WECC: (1) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary with respect to Sections 4 and 5, of the WECC against Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Operator and Generator expressly intend that the WECC is a third-party beneficiary to this Agreement, and the WECC shall have the right to seek to enforce against Generator any provisions of Sections 4 and 5, provided that specific performance shall be the sole remedy available to the WECC pursuant to this Agreement, and Generator shall not be liable to the WECC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WECC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

7. REGULATORY APPROVALS

This Agreement shall be filed with FERC by the Transmission Operator under

Section 205 of the Federal Power Act. In such filing, the Transmission Operator shall request that FERC accept this Agreement for filing without modification to become effective on the day after the date of a FERC order accepting this Agreement for filing.

8. NOTICES

Any notice, demand or request required or authorized by this Agreement to be given in writing to a Party shall be delivered by hand, courier or overnight delivery service, mailed by certified mail (return receipt requested) postage prepaid, faxed, or delivered by mutually agreed electronic means to such Party at the following address:

Southern California Edison Company
Director of Grid Contracts
P. O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770
Telefax No. (626) 302-9292
Telephone No. (626) 302-1771

State of California
Department of Water Resources
State Water Project Division of Operations
Power Planning and Contracts
3310 El Camino Avenue, LL-90
Sacramento, CA 94821-6340
Attn: Chief, Power Planning and Contracts

The designation of such person and/or address may be changed at any time by either Party upon receipt by the other of written notice. Such a notice served by mail shall be effective upon receipt. Notice transmitted by facsimile shall be effective upon receipt if received prior to 5:00 p.m. on a Working Day, and if not received prior to 5:00 p.m. on a Working Day, receipt shall be effective on the next Working Day.

9. APPLICABILITY

This Agreement (including all appendices hereto and, by reference, the WECC Reliability Criteria Agreement) constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors.

10. AMENDMENT

No amendment of all or any part of this Agreement shall be valid unless it is reduced to writing and signed by both Parties hereto. The terms and conditions

herein specified shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent the agreement of the Parties.

11. INTERPRETATION

Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by, the laws of the State of California but without giving effect to the provisions thereof relating to conflicts of law. Article and section headings are for convenience only and shall not affect the interpretation of this Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Agreement.

12. PROHIBITION ON ASSIGNMENT

This Agreement may not be assigned by either Party without the consent of the other Party, which consent shall not be unreasonably withheld; provided that the Generator may without the consent of the WECC assign the obligations of the Generator pursuant to this Agreement to a transferee with respect to any obligations assumed by the transferee by virtue of Section 4.5 of this Agreement.

13. SEVERABILITY

If one or more provisions herein shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

14. COUNTERPARTS

This Agreement may be executed in counterparts and each shall have the same force and effect as an original.

IN WITNESS WHEREOF, the Transmission Operator and the Generator have each caused this Reliability Management System Agreement to be executed by their respective duly authorized officers as of the date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____
Name: Richard M. Rosenblum
Title: Senior Vice President

CAIFORNIA DEPARTMENT OF WATER RESOURCES

Southern California Edison Company
FERC Electric Tariff, Second Revised Volume No. 6
Service Agreement No. 37

Original Sheet No.11

By: _____

Name:

Title:

Issued by: James A. Cuillier
Manager, FERC Rates & Regulation
Issued on: March 7, 2005

Effective: January 1, 2005

LETTER OF SUPPORT

STATE OF CALIFORNIA - THE RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



March 3, 2005

Ellen Berman, Attorney
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770

Re: Docket No. ER05-170-000 and Docket No. ER05-170-001

Dear Ms. Berman:

This letter to provide support for the settlement that has been negotiated between the California Department of Water Resources-State Water Project and Southern California Edison Company in the Federal Energy Proceeding Docket No. ER05-170-000 and Docket No. ER05-170-001. The settlement resolves all remaining issues in these dockets. This settlement will permit DWR-SWP to maintain interconnection service for the State Water Project loads and resources under the ISO Tariff, SCE's Transmission Owner Tariff, and SCE's Wholesale Distribution Access Tariff ("WDAT"), as appropriate. This settlement will require DWR to execute seven different agreements. Due to the time requirements needed to process State contracts, these agreements are unexecuted. However, CDWR-SWP will obtain necessary signatures from its executive for the agreements and will process them through the State control agency, the Department of General Services, for final approval. If you have any questions, please contact me at (916) 653-5129.

Sincerely,

A handwritten signature in cursive script that reads "David A. Sandino".

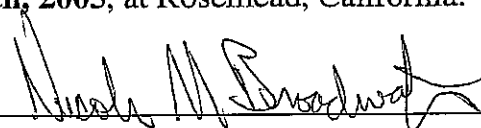
David A. Sandino
Senior Staff Counsel

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of the foregoing documents on all parties identified on the attached service list. Service was effected by one or more means indicated below:

- ☒ Placing the copies in properly addressed sealed envelopes and depositing such envelopes in the United States mail with first-class postage prepaid (Via First Class Mail);
- ☐ Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand to the offices of each addressee (Via Courier);
- ☒ Transmitting the copies via facsimile, modem, or other electronic means (Via Electronic Means).

Executed this 4th day of March, 2005, at Rosemead, California.



Nicole Broadwater
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770